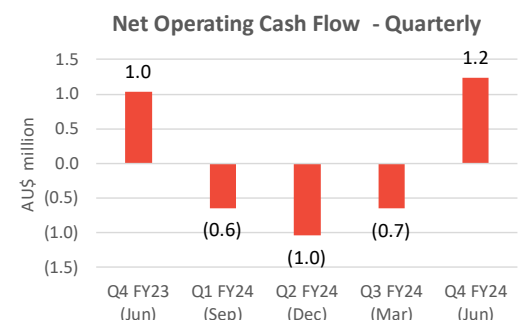
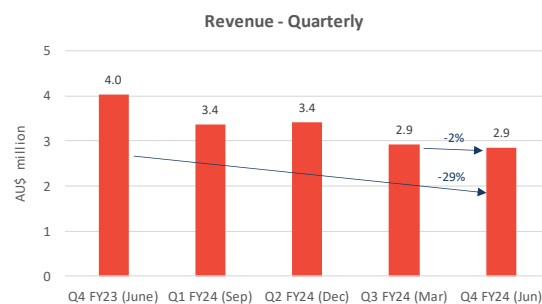
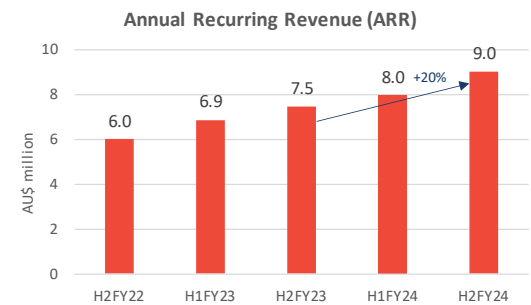


## June Q4 FY2024 Quarterly Activities Report

### Highlights

- In June K2fly entered a Scheme Implementation Deed with Argyle Bidco, a wholly owned subsidiary of Accel-KKR under which Accel-KKR will acquire 100% of the shares in K2fly by way of a Scheme of Arrangement for consideration of \$0.19 cash per share
- Annual Recurring Revenue (ARR)<sup>1</sup> of \$9.0m in Q4 FY2024, 20% higher than in Q4 FY2023 driven by new sales and contract renewals
- Revenue<sup>2</sup> of \$2.9m in Q4 FY2024, flat compared to Q3 FY2024 and lower than Q4 FY2023 due to the completion of implementation projects in prior periods resulting in lower implementation services revenues
- Cash receipts (\$4.6m) increased 28% over Q3 FY2024 (\$3.6m)
- Net Operating Cash in Q4 FY2024 was an inflow of \$1.2m, higher than Q4 FY2023, including the benefit of the implemented savings plan offsetting the impact of costs in relation to the strategic review. Net Operating Cash accretive in H2 FY 2024.
- New Resource Disclosure contracts were signed with Vale and Lundin Mining. Total new ARR of AU\$653k
- Cash balance on 30 June 2024 was \$2.4m increased from \$1.5m at the end of Q3 FY24. (\$2.0m working capital facility remains undrawn)



**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 June quarter, Q4 FY2024.

## Nic Pollock CEO of K2fly said

"Q4 FY24 is a pivotal moment in the history of K2fly in our Software as a Service (SaaS) strategy. Despite flat revenue growth our core metric of ARR growth continued at 20% YoY as we continue to focus on landing and expanding our SaaS ARR license revenues.

We have seen significant new client acquisition and ARR in our Americas operations with the addition of two new name accounts (Vale and Lundin Mining) contracting onto the new Resource Disclosure platform for a combined AU\$653k in additional ARR. We also saw price growth (24%) in a multi-year contract renewal.

Our final quarter delivered a Net Operating Cash inflow of \$1.2m, consistent with our historical results which show a concentration of collections in Q4 due to the annual nature of our licence billing cycle and portfolio anniversary dates and including the benefit of our implemented savings plan.

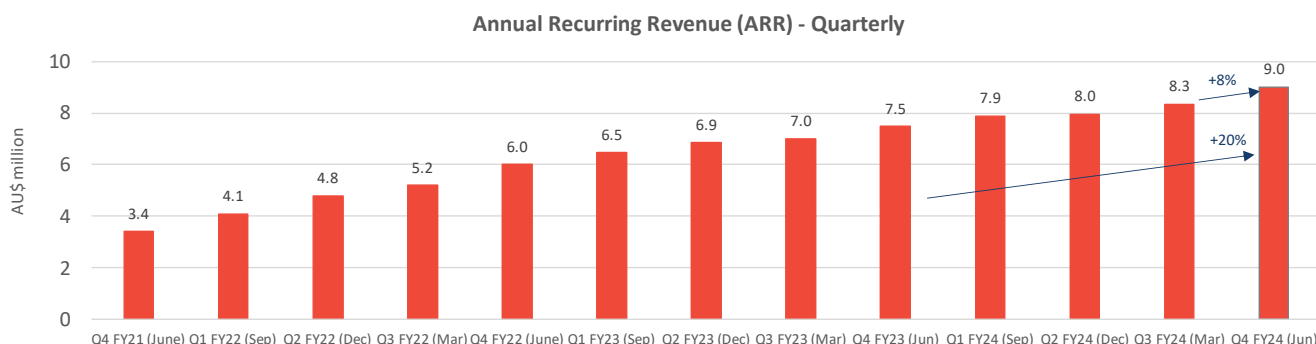
Finally, K2fly concluded our strategic review process that was commenced in November 2023. K2fly's globally unique and timely market offering, and strategy execution was recognised with a binding offer from Accel- KKR (Argyle Bidco) to acquire 100% of the shares in K2fly. The offer price of \$0.19 per share represents a 90% premium to K2fly's undisturbed share price as at June 20. The offer is unanimously recommended by the board and is supported by significant shareholders (Refer ASX announcement dated [21 June 2024](#)).

The offer from Accel-KKR (when concluded) will provide K2fly with the best partner to continue the journey with our current and future customers to deliver net positive Resource Governance solutions for our current and future clients and a stronger company for our staff to continue to thrive."

## CONTRACTS AND FINANCIAL RESULTS<sup>2</sup>

**ARR grew 8%** to \$9.0m compared to the end of the prior quarter **up 20% compared to the end of Q4 FY2023**. Total Contract Value (TCV) at the end of the quarter was \$17.0m.

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.

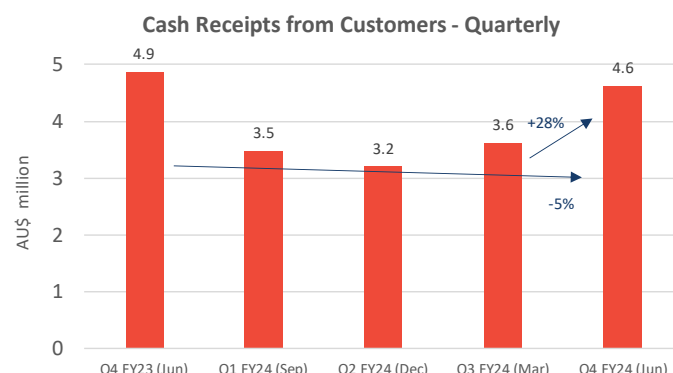
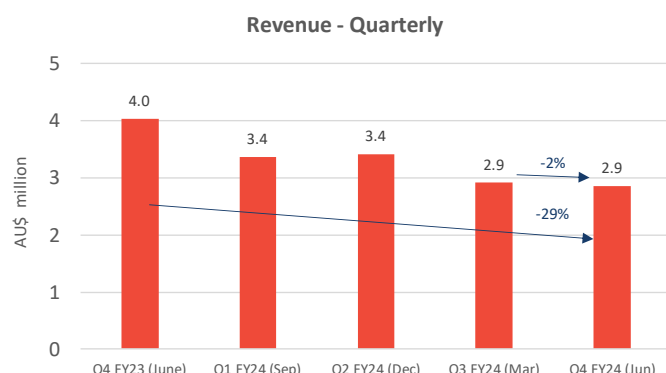


## Revenue and Cash Receipts

**Revenue** during the quarter was \$1.9m down 2% over Q3 FY2024 and down 29% over Q4 FY2023 due to the completion of implementation projects in prior periods resulting in lower services revenues.

**Cash Receipts from Customers** are up 28% over Q3 FY2024 at \$4.6m and down 5% over Q4 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.

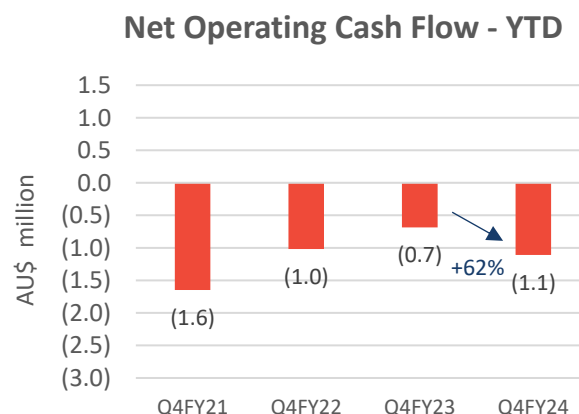
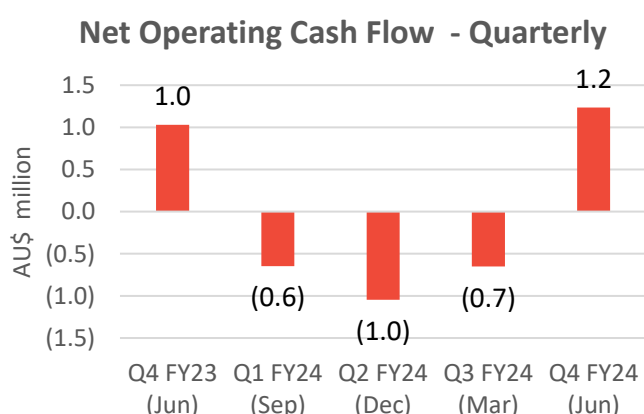


## Net Operating Cashflow

The June quarter generated a Net Operating Cash Inflow of \$1.2m, an increase from Q4 FY2023 despite the inclusion of \$0.2m of cost in relation to the strategic review due to the receipt of a \$0.3m R&D tax incentive and the benefit of the implemented savings plan. On full-year basis, compared to FY2023, Net Operating Cash Outflow increased 62% due to the cost of improvements in product development, inflation, costs in relation to the strategic review (\$0.3m), restructure costs associated with the implementation of the savings plan (\$0.2m) and general cost growth to support revenue.

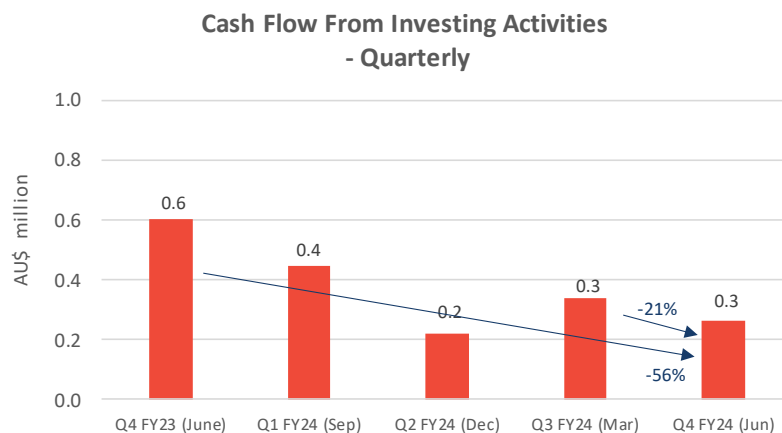
Like the variability in the timing of annual fees, the Company incurs some annual costs which have a similarly variable profile. These contribute to overall variability on a quarter-on-quarter basis.

Gross Operating Expenditure (Section 1.2, Appendix 4C) in Q4 FY24 was \$3.7m, 14% lower than Q3 FY24 expenditure of \$4.3m and 5% lower than Q4 FY23, despite the inclusion of 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 in Q4 FY24 were \$0.3m, 21% lower than Q3 FY24 and 56% lower than Q4 FY23 due to the completion of the Resource Disclosure development project.



## Cost saving initiatives implemented

As previously disclosed, 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 \$0.2m settled in FY2024) and restructuring to improve operating effectiveness.

## OPERATIONAL UPDATE

Whilst Q3 was notable for existing customer expansion Q4 has been a significant growth quarter for our Americas' division with two new name clients contracting our Resource Disclosure (RD) platform. Vale contracted RD in April 24 with a contract representing TCV of \$1.9m and ARR of AU\$473k over a three-year term. Vale, based in Brazil is the world's largest producer of iron ore, pellets and nickel, with operations in manganese, ferroalloys, copper, gold, silver, and cobalt. It is publicly listed on the São Paulo, New York City and Madrid stock exchanges. (Refer ASX announcement dated [11 April 2024](#).)

Lundin Mining also contracted to use RD with a Total Contract Value of AU\$661k and ARR of \$180k over a three-year term. Lundin is a diversified Canadian base metals mining company listed on the Toronto Stock Exchange (TSX) with operations and projects in Argentina, Brazil, Chile, Portugal, Sweden and the United States of America, primarily producing copper, zinc, gold and nickel. (Refer ASX announcement dated [24 June 2024](#).)

Another of our tier 1 clients renewed a multiyear (3 year) contract using our Mine Geology solution with a 24% increase in ARR

## CORPORATE

### Strategic review

After undertaking the strategic review which was initiated in Q2 to evaluate options to realise the full business potential of K2fly and shareholder value (see ASX announcement [2 November 2023](#)), K2fly entered into a scheme implementation deed with Argyle Bidco Pty Ltd, a wholly owned

subsidiary of Accel-KKR under which Accel-KKR will acquire 100% of the shares in K2fly by way of a scheme of arrangement.

Under the scheme, K2fly shareholders will be entitled to receive \$0.19 cash per share which represents a 90% premium to K2fly's undisturbed share price of \$0.10 per share on 20 June 2024. The K2fly Board unanimously recommends that K2fly shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the independent expert concluding that the Scheme is in the best interests of K2fly shareholders.

**Cash position:** The Company held a cash balance on 30 June 2024 of \$2.4m (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 inflow of \$1.2m (Section 1.9, Appendix 4C). Gross Operating Expenditure in the quarter ended 30 June 2024 amounted to cash outflows of \$3.7m (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 (\$208k), payments for the purchase of businesses (\$56k) being consideration relating to the purchase of Sateva and the acquisition of equipment (\$1k).

**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 \$76k relating to Non-Executive Director fees. 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

<sup>1</sup> Exchange rate fluctuations impact ARR and TCV.

<sup>2</sup> Unaudited.

Announcement released with authority of K2fly Board.

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#### 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](#)

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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	Solutions	Related Acquisition
Natural Resource Governance	<a href="#">Heritage Management</a> <a href="#">Land Access</a> <a href="#">Ground Disturbance</a> <a href="#">Tailings Management</a> <a href="#">Mine Rehabilitation</a>	Infoscope Infoscope Infoscope Decipher Decipher
Mineral Resource Governance	<a href="#">Resource Disclosure</a> <a href="#">Model Manager</a> <a href="#">Mine Reconciliation</a>	RCubed RCubed, Sateva RCubed
Technical Assurance	<a href="#">Ore Blocker</a> <a href="#">Mine Geology</a>	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")**

30 June 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,615	14,909
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(969)	(6,101)
(c) advertising and marketing	(74)	(263)
(d) leased assets	-	-
(e) staff costs	(1,739)	(6,530)
(f) administration and corporate costs	(878)	(3,422)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	21
1.5 Interest and other costs of finance paid	(6)	(20)
1.6 Income taxes paid	(6)	(27)
1.7 Government grants and tax incentives	-	37
1.8 Other (cash restricted to non-restricted)	(2)	(4)
1.8 Other (R&D refund)	291	291
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,236</b>	<b>(1,109)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	(56)	(613)
(i) property, plant and equipment	(1)	(22)
(j) investments	-	-
(k) intellectual property	(208)	(1,054)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(l) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	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	<b>Net cash from / (used in) investing activities</b>	<b>(265)</b>	<b>(1,687)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	(54)	(165)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(54)</b>	<b>815</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,500	4,440
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,236	(1,109)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(265)	(1,687)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(54)	815
4.5	Effect of movement in exchange rates on cash held	(33)	(75)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,384</b>	<b>2,384</b>

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	2,384	2,384
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,384</b>	<b>2,384</b>

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	76
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 (total: \$76k).

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	2,000	nil
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	2,000	nil
7.5	<b>Unused financing facilities available at quarter end</b>		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>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	1,236
8.2	Other (software development) (item 2.1e)	(208)*
	Other (repayment of lease liabilities) (item 3.9)	(54)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	974
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,384
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)	4,384
	<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	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</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: 22 July 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.