

## ASX / Media Release

7 April 2021

ASX code: **K2F**

### **Q3 FY21 Flash Financials Update – Record Sales Invoices, ARR and TCV increased**

#### Highlights:

- **Decipher for Mining acquisition completed and creates leading commercial off the shelf (COTS) end-to-end tailings management solution in support of GITS (Global Industry Tailings Standard)**
  - **CSBP Ltd (a subsidiary of Wesfarmers Limited) now has a 10% shareholding in K2fly**
- **Q3 FY21 record invoices of \$2.06M raised (28% increase from March 2020 quarter)**
- **ARR (Annual Recurring Revenue) increases 26% from Q2 FY21 (\$2.90m)**
- **TCV (Total Contract Value) increases 56% from Q2 FY21 (\$9.13m)**
- **Milestone Heritage Agreements signed:**
  - **New 3-year Heritage Solution agreement signed for Rio Tinto Iron Ore in February 2021**
  - **Griffith University Cape York Heritage 5-year agreement signed in March 2021**
- **More RCubed deals from North America**
  - **Alcoa USA signed new 5-year contract in January 2021**
  - **Coeur Mining signed 5-year contract in March 2021**
- **Cash available on 31 March 2021 was \$1.52M, \$1.58M in receivables and no debt**

#### Billing and Cash Flow

K2fly Limited (ASX: K2F) (**K2F, K2fly or the Company**) is pleased to announce that it had a record invoicing quarter, raising invoices for \$2.06M in the Q3 FY21 (vs. \$1.61M in the equivalent previous corresponding period (pcp) in FY20). We are pleased to see that in Q3 K2fly returned to more normal contract signing cadence with 4 new software subscription contracts signed in the quarter, increasing invoicing (28%), ARR (26%) and TCV (56%) substantially. The SATEVA business continued strong growth with 63% increase in consulting invoices for the quarter.

As at 31 March 2021, the cash available was \$1.52M. In addition, there was \$1.58M in receivables predominantly from Tier 1 clients. K2F has no debt.

The Board believes that the slowdown in new contracts as a result of COVID 19 has now passed in most geographic locations and is of the view that normal economic activity across mining has returned. The Board is also of the opinion that increased global stimulus investment in infrastructure projects and ongoing challenges in Brazilian supply will continue to drive the Iron Ore market's strength in some of our key customer relationships in that sector.

## Software as a Service (SaaS)

In Q3 FY21 K2F made substantial investments in the following ongoing strategic activities: a new release of our highly successful RCubed solution; the further enhancement of Model Manager, and Tailings; and a new solution currently named as NextGen.

These internal investments are working towards creating both new products and capability to meet our rapidly growing pipeline. The new offerings form part of our well-advertised “land & expand” strategy. We are confident that these investments will pay dividends in 2021 and beyond, especially in conjunction with our new SAP Endorsed Apps Certification bringing these to market.

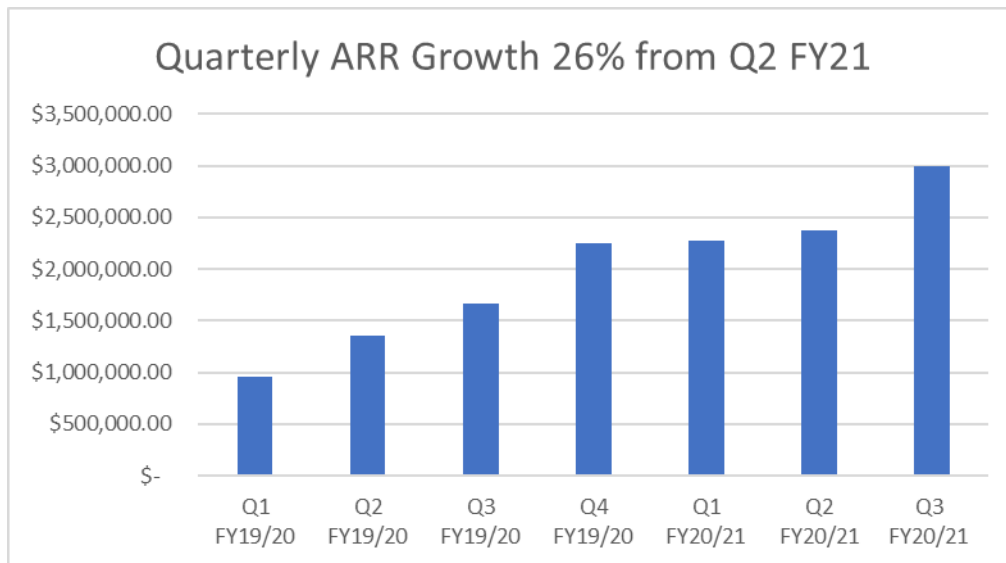
In Q3 2021 our Heritage solution was sold successfully into both Rio Tinto Iron Ore and Griffith University. In addition, this solution was also expanding its footprint within Fortescue Metals Group (FMG) and Mineral Resources Ltd.

K2F is also in advanced discussions with other major mining organisations for global roll out of our land access solution. However, until contracts are signed, and purchase orders are received these situations are not commercial certainties.

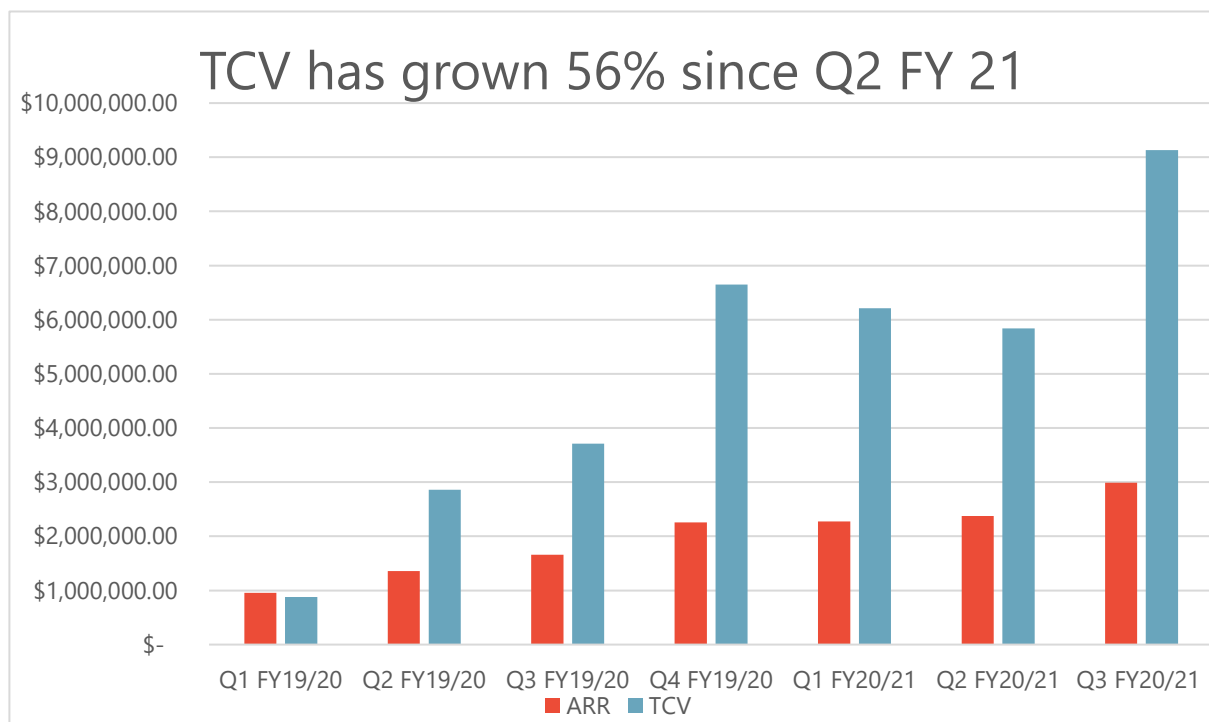
Our RCubed solution continues to grow its client base with new contract awards from Alcoa and Coeur Mining. Both contracts were for five-year terms and this is a growing trend within our client base. In addition, Newmont and Goldfields had successful Go Live events with their implementation of the RCubed software.

The SATEVA solutions continue to go from strength to strength with new purchase order cover gained from Roy Hill, FMG and Rio Tinto Iron Ore. The SATEVA team has integrated very successfully with K2F and the joint team is now creating some very exciting intellectual property for existing clients. It is hoped that these offerings will then become available for general release to all K2F clients and prospective clients.

ARR<sup>1</sup> grew strongly in Q3 FY21 (26%)



TCV<sup>2</sup> grew strongly in Q3 FY21 (56%)



<sup>1, 2</sup> ARR Constant Currency – figures have been normalised to eliminate the effect of exchange rate fluctuations. Currency set at 25.01.21.

## Completion of Decipher Acquisition

On 31 March 2021 K2fly completed the acquisition of Decipher for Mining from CSBP Limited (a subsidiary of Wesfarmers Limited).

The Decipher business provides cloud-based software-as-a-service technology and compliance solutions for mining industry customers, including in relation to rehabilitation and closure, tailings governance and monitoring and tailings disclosure database solution.

K2F has issued:

- 11,366,691 fully paid ordinary shares to CSBP (Consideration Shares), valued at \$3.7M; and
- 5,345,633 Performance Shares.

The Consideration Shares will be subject to voluntary escrow of 2 years, and any shares issued on conversion of the Performance Shares will also be subject to a voluntary escrow period of 12 months.

Announcement released with authority of K2F board.

**ENDS**

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## About K2fly

K2fly Ltd (K2F) is an ASX listed technology company providing enterprise-level technical assurance and reporting solutions across all aspects of the Environmental, Social and Governance functions.

Servicing the mining, oil & gas, utilities and agriculture sectors, K2fly delivers a suite of solutions in governance and compliance, stakeholder engagement and permits and obligations services for clients covering:

- Land Access
- Community and heritage
- Rehab
- Dams & Tailing
- Resources Inventory and Mine Geology Systems
- Ground Disturbance

Underpinning K2fly's Software as a Service (SaaS) offering are its proprietary technologies: RCubed, Infoscope and the SATEVA Suite.

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

In addition, K2fly provides cutting edge business consultancy services with subject matter experts across Rail, Electricity, Gas, Water, Mining, Oil & Gas, and Facilities Management.