

ASX / Media Release

6 July 2020

ASX code: **K2F**

Q4 FY 2020 - Operational Update

Highlights

- Invoices for Q4 FY20 increased 28% from Q4 FY19 (\$1.9M v. \$1.49M)
- Invoices for FY20 total \$6.626M, an increase of 60% on previous corresponding period (FY19: \$4.145M)
- K2F cash flow positive from operations for Q4 FY20 (\$0.66M cash positive)
- A total of \$1.719 million (before costs) received from the exercise of 8,596,096 listed options (K2FOA), which had been partially underwritten
- Significant market penetration with RCubed solution despite presence of global pandemic
- Five-year contract for RCubed recently signed with Orano SA
- Record quarter with an excess of \$500k net new ARR revenues. Additional new RCubed clients in Q4: Kinross Gold, South32, Sibelco and Orano
- New RCubed contracts have now exceeded Year 3 acquisition performance milestone in only 13 months since acquisition
- K2F's Software as a Service (SaaS):
 - Annual Recurring Revenue (ARR) now approximately \$2.36M*
 - Total Contract Value (TCV) is \$7.47M*
- On 30 June cash at bank was \$2.9M with approximately \$1.13M in receivables, no debt
- R&D tax refund of \$88k granted from the ATO

Billing and Cash Flow

K2fly Limited (ASX: K2F) (**K2fly** or **the Company**) is pleased to announce that it has raised invoices for \$1.9M in the Q4 FY20 quarter, which is an improvement of 28% over the equivalent quarter in FY19. This means that invoices raised for FY20 were \$6.626M, which is a 60% increase on invoices raised for FY19 (\$4.145M).

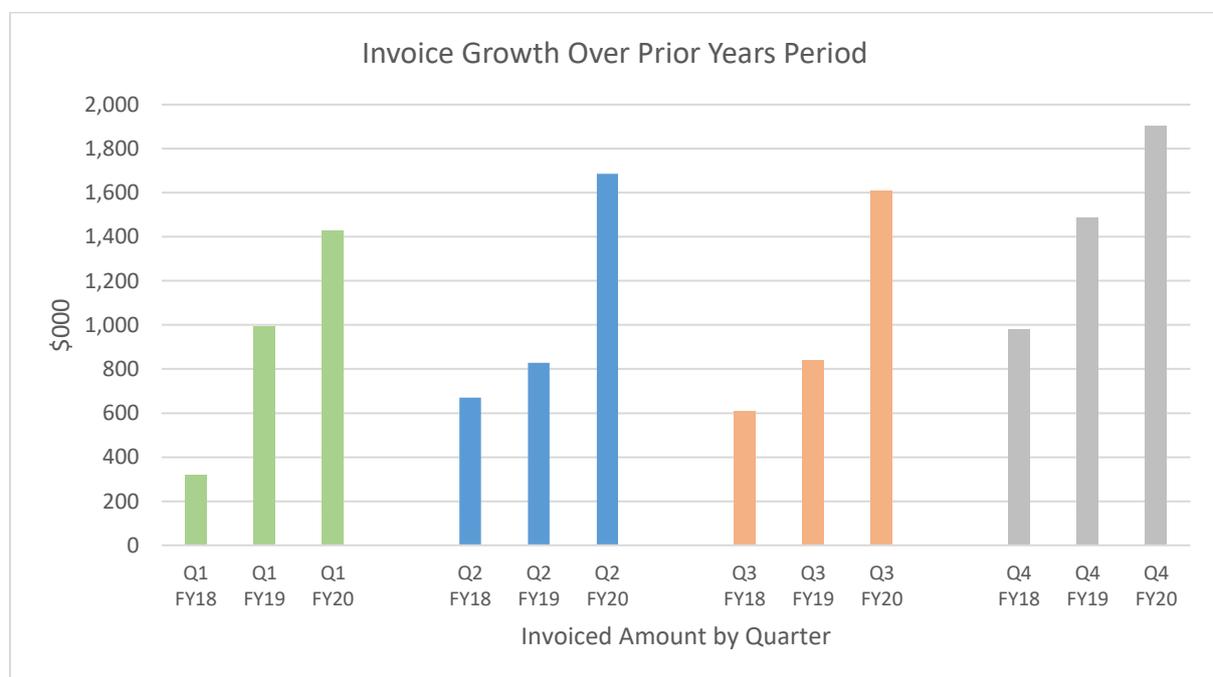
As at 30 June 2020, the cash available was \$2.9M. In addition, there was \$1.13M in receivables from Tier 1 clients. These numbers reflect the fact that during Q4 FY20, K2F's current operations achieved net positive cashflows with a strong \$0.66M positive cash flow. This very encouraging number can be explained by increased sales in the quarter as well as cash receipts from customers, which is evidenced by the reduction in receivables from the previous quarter.

* ARR and TCV may be affected by exchange rate fluctuations

Between March and May 2020, the Company raised a total of \$1.719 million (before costs) from the exercise of 8,596,096 listed options (K2FOA) which expired on 18 May (Options). The exercise of the Options was partially underwritten (60%) by K S Capital Pty Ltd and pursuant to the underwriting agreement there was no discount to the Option exercise price of \$0.20.

During Q4, the Company was granted a R&D tax refund of more than \$88k from the ATO. Also, where appropriate K2F has applied for subsidies and entitlements provided by governments in response to Covid-19. The Company has no borrowings.

Software as a Service (SaaS) Annual Recurring Revenue (ARR) has grown to \$2.36M*, which represents a quarterly growth of 29% and Compound Annual Growth Rate (CAGR) of 177%. The Total Contract Value (TCV) for SaaS contracts is now approximately \$7.47M*, which is a quarterly growth of 57% and a CAGR of 663%.



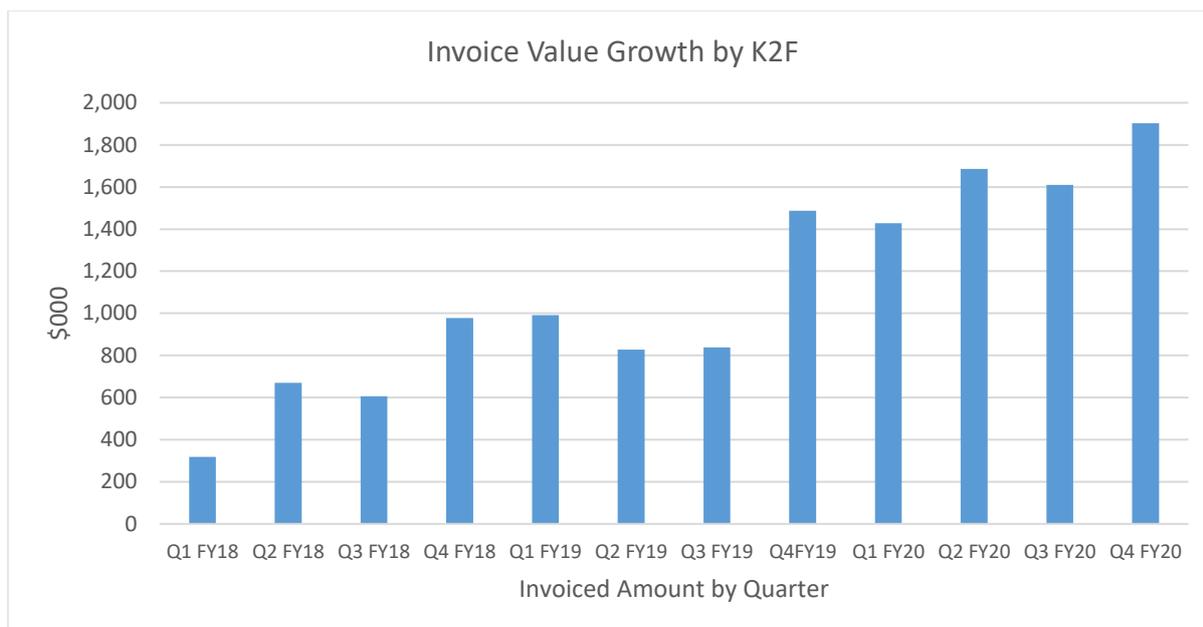
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Sales and Marketing Update

K2F is very pleased to announce that it has recently signed a contract with Orano SA (Orano), formerly known as Areva SA. Orano is a multinational nuclear fuel cycle company with uranium mining operations, and is headquartered in France. Orano signed a five-year contract to implement the RCubed resource governance solution, and the total contract value is in excess of AU\$300k.

Since the acquisition of RCubed, K2F has won a number of contracts with significant global mining clients. New clients include: Imerys, Glencore Canada, Nexa Resources, Rio Tinto, Newcrest, Goldfields, Newmont, Sibelco, Kinross Gold, Orano and South 32. In addition, existing SaaS clients of K2F's RCubed and Infoscope solutions extended their licencing agreements: Teck Resources (3 years), Westgold (5 years) and AngloGold Ashanti (3 years).

In Q4 the addition of Kinross Gold, Sibelco, Orano and South 32 has been gratifying as it is evident that more and more mining companies appreciate the benefits of our SaaS offerings. Based upon recent discussions and negotiations, K2F is confident that there will be more new name client announcements to be made in 2020. Of course, until signed, there are no guarantees that these contracts will be finalised.

With the additional contracts in Q4 for K2F's RCubed resource governance solution, net new annual recurring revenues for these contracts have exceeded \$500k. This is the final milestone in the revenue acquisition performance milestones for RCubed, which were set to be achieved over a three-year period. The revenue acquisition performance milestones have now been achieved in just thirteen months since acquisition.

Announcement released with authority of K2F board.

ENDS

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About K2fly

K2fly Ltd is an ASX listed technology company which targets asset intensive industries. It supplies people, products and strategic alliances focussed on solving problems for clients.

K2fly owns the following Software Solutions:

- **Mineral Resource Governance - RCubed** a resource and reserve reporting solution that supports reporting codes such as JORC, NI43101 and SAMREC across the major stock exchanges – including NYSE, LSE, TSX, ASX and JSE; and
- **Natural Resource Governance - Infoscope**, an Enterprise Land Management, Natural Resource Governance and Stakeholder Relations solution for the Energy and Resources market.

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

K2fly also re-sells market leading software which has been developed by industry leaders in the USA, Europe and the UK. These solutions come from, Kony (USA), ABB (Switzerland), and Capita plc (UK), where they have an outstanding track record of delivering benefits to clients.

In addition, K2fly provides cutting edge advice, consultancy and services when it deploys its subject matter experts who have extensive domain knowledge in such areas as Rail, Electricity, Gas, Water, Mining, Oil & Gas, and Facilities Management.

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