



## ASX RELEASE

23 April 2020

### Kyckr announces record revenue in Q3

#### Highlights

- Quarterly revenue of \$623k, up from \$601k in December quarter and 18% higher than prior year despite the early impacts of COVID-19 in March.
- Business development activities for Kyckr's Enterprise products have continued to deliver results with extension of services to Citi Commercial Bank (post period end).
- Implementation of the EU's Fifth Money Laundering Directive (5AMLD) in January supports continued growth in Kyckr's new client prospect and strategic partner pipeline.
- Good progress with the development of client-centric software solutions, in particular Perpetual KYC monitoring service - Company Watch - and a revamped web portal.
- COVID-19 restrictions have resulted in very limited impact on Kyckr's business to date. These are being monitored, and the Company will respond as necessary.
- Cash balance of A\$3.1 million as of 31 March 2020.

**Kyckr Limited (ASX:KYK)** (Kyckr or the Company), a regulatory technology (RegTech) company is pleased to provide an update on its activities for the quarter ended 31 March 2020.

#### Financial Overview

Kyckr CEO, Ian Henderson, said the March quarter saw Kyckr deliver its highest ever quarterly revenue of \$623k despite March seeing the first impacts of the COVID-19 lockdowns. "Kyckr experienced a very encouraging quarter with strong growth YoY. The main contributors were Enterprise revenue up 31% and the Kyckr for Business channel exceeding same period prior year by 15%. The business experienced a contraction in quarterly YoY website revenue of 9%. This was anticipated as time was taken to further re-engineer Kyckr's web user interfaces.

"We continue to progress our strategy of focusing on larger clients, prospects and partners. This has resulted in continued growth in our Enterprise segment from existing clients. This is reflected in the extension of services to long-standing customer Citi's Commercial Banking division (announced in April). In addition, the prospect pipeline is developing, albeit with some engagement delays due to new post-COVID-19 working practices.

"The disruption from the COVID-19 pandemic is presenting business challenges, but also some opportunities. It is encouraging that our revenues have held steady during the first weeks of COVID-19 disruptions following some reductions as our customers became accustomed to new working practices.

"We remain focused on the expansion of our services to current and prospective clients, whilst establishing strategic partnerships to fast-track and connect to a wider customer base. The new London-based team is now generating real traction."



## **Operational Update**

Kyckr has built strong sales channel capabilities in the UK and continues to positively engage with both existing and potential new clients and strategic partners.

Kyckr's continued engagement with existing customers has resulted in successful business development efforts including the extension of the agreement with Citi Commercial Bank post period end. The value of these services is c.USD\$300,000 (A\$496,000), over a 12 to 18 month period with the Company's customer verification technology being used in 15 key countries where the bank operates.

This latest extension of services reinforces Kyckr's focus on Enterprise growth. A number of pilots are currently underway with major banks and strategic partners though it is recognised that the purchase cycle is longer in these large organisations.

Based on extensive client feedback, the new upgraded web portal was launched on March 24. New digital marketing campaigns have recently been implemented and are already showing early signs of YoY web revenue growth, thus reversing the recent quarterly trends of online revenue reduction.

The Company also envisages progress with its strategic partner pipeline following the implementation of the European Union's Fifth Anti-Money Laundering Directive (5AMLD) in January. Kyckr is well positioned to capitalise on the associated demand for Know Your Customer technology solutions and specifically the increase in demand for real time primary source data and Perpetual KYC solutions like Kyckr's Company Watch service. Company Watch has seen substantial IT investment in the quarter.

## **COVID-19: minimal disruption to day-to-day operations**

Governments across the globe have imposed severe COVID-19 restrictions to limit the spread of the virus. These have disrupted normal business operations in many industries including financial services, specifically in the months of March and April 2020. Encouragingly, the overall impact on Kyckr's business has been modest. There were revenue reductions as government restrictions on movement forced more people to work from home. Those reductions have been reversed and are running ahead of normalised levels now.

Whilst an element of the regulatory response to COVID-19 has been to provide support to impacted businesses via some relaxations - for example delays in the application of new capital rules for Banks or solvency rules for Insurers - the one area where there will be no relaxation is the obligations relating to Anti-Money Laundering and Countering Terrorist Finance. This means there will be no reduction in demand for the types of service Kyckr offers.

As a software business, all Kyckr staff were able to easily move to a working from home environment with no impact on clients. The Kyckr platform is hosted in Microsoft Azure and is not dependent on any Kyckr office being available.

Nonetheless, the Company has implemented appropriate measures to reduce costs in line with the current operating environment including the closure of its Dublin office with associated cost savings.

## **Corporate**

During the quarter Mr Bill Hundy (Sydney) was appointed Company Secretary and Mr Dharmendra Patel (London) was appointed as interim CFO (part time). Dharmendra has 20+ years experience with fast growing, internationally dispersed technology companies. The combined roles replace previous CFO and Company Secretary Mr Karl Pechmann.

Related party payments of \$75K were paid during the period, which represent Director fees paid from the approved pool of fees, as approved by shareholders.

Kyckr remains in a solid financial position to progress its current operations and strategy with a cash balance of A\$3.1 million as of 31 March 2020.



## Outlook

Kyckr's position to capitalise on the demand for Know Your Customer technology has strengthened with the build out of the London team and the transition of roles from Ireland to the UK where there is substantially more client demand. The core focus is on growing direct revenue via a combination of people and IT investments. This has been underpinned by the recent client successes.

The Company will continue to focus on the execution of commercial agreements from existing enterprise clients and prospects and strategic partners while increasing online growth from the new Kyckr.com platform.

Ends.

*This ASX announcement was authorised for release by the Kyckr Limited Board of Directors*

## About Kyckr Limited

Kyckr is a global regulatory technology (RegTech) business, providing technology solutions. Kyckr's solutions are connected to over 200 regulated primary sources, in over 120 countries, providing real-time company registry information on over an estimated 170 million businesses globally. Kyckr provides automated technology solutions to improve the efficiency and effectiveness of Corporate KYC.

To learn more about Kyckr, visit [www.kyckr.com](http://www.kyckr.com).

### For further enquiries, please contact:

Ian Henderson, Chief Executive Officer

Kyckr Limited

Email: [investor.relations@kyckr.com](mailto:investor.relations@kyckr.com)

Phone: +44 (0) 7733 806 750

### For media enquiries

Elodie Castagna

FTI Consulting

Email: [Elodie.Castagna@fticonsulting.com](mailto:Elodie.Castagna@fticonsulting.com)

Phone: +61 (0) 8 9321 8533

## Appendix 4C

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

**Name of entity**

Kyckr Limited

**ABN**

90 009 237 889

**Quarter ended ("current quarter")**

31-March-2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	839	2082
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(243)	(695)
(c) advertising and marketing		(25)
(d) leased assets		
(e) staff costs	(1422)	(3019)
(f) administration and corporate costs	(659)	(1548)
1.3 Dividends received (see note 3)		
1.4 Interest received	13	37
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1472)</b>	<b>(3168)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(2)	(2)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(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 (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2)</b>	<b>(2)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		5171
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		(358)
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 (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>0</b>	<b>4813</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	4555	1449
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1472)	(3168)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)

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)		4813
4.5	Effect of movement in exchange rates on cash held	79	68
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3160</b>	<b>3160</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	3160	3160
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>3160</b>	<b>3160</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

75

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

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

7.5 **Unused financing facilities available at quarter end**

7.6 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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1472)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3160
8.3 Unused finance facilities available at quarter end (Item 7.5)	
8.4 Total available funding (Item 8.2 + Item 8.3)	3160
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	2.15

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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?

Answer:

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?

Answer:

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

Answer:

## 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: .....23 April 2020.....

Authorised by: .....The Board of Directors.....  
(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.