



26 May 2020
ASX Market Announcements Office

Kyckr Investor Presentation

Kyckr Limited (ASX:KYK)

Attached please find Kyckr Investor Presentation which has been authorised for release to ASX by the Kyckr Board of Directors.

William Hundy
Company Secretary



Kyckr Investor Presentation



Ian Henderson, CEO



Disclaimer

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Glossary

4AMLD	The European Union 4 th Anti-Money Laundering Directive which places greater emphasis on UBOs as part of the KYC, expanded requirements when looking at people as shareholders and directors and now includes the gambling sector.	EDD	Enhanced Due Diligence which is required for high risk companies.
5AMLD	Amendments to the 4AMLD where businesses have the obligations to hold beneficial ownership records with their authority in their country of registration and also ownership is now examined at 10%+ (currently 25%+).	FATF Standards	Internationally endorsed global standards against money laundering and terrorist financing. Increase transparency and enable countries to take action against illicit use of financial system.
6AMLD	New EU regulations to be implemented by June 2021: harmonising definition of money laundering; creating new money laundering offences; extension of criminal liability to companies & partnerships; tougher punishments.	FinCen CDD Rule	Amendment to US Bank Secrecy Act to improve transparency and prevent criminal misuse of funds.
AML	Anti Money Laundering. This is majority source of legislation relevant to KYC.	GDPR	General Data Protection Regulation which is an EU law on data privacy and protection'
API	Application Program Interface which a cloud-based means of accessing our services and information. This does not require the provision of code or programs to customers.	KYC	Know Your Customer which for Kyckr is specific to companies, funds and entities (i.e. not people).
ARR	Annual recurring revenue.	MIFID II	Regulation of financial markets in EU designed to provide additional protections for investors.
B2B	Business to Business. Services and products requiring sales personnel to sell direct.	p.c.p	Previous Corresponding Period.
B2C	Business to Consumers which are online services and do not require sales personnel but require digital marketing.	Perpetual KYC	Means of providing event driven KYC where the event refers to changes to company attributes
CDD	Customer Due Diligence which is a full KYC check on a business customer.	RegTech	Regulatory Technology business.
CMGR	Compound Monthly Growth Rate.	REST API	Representational state transfer - modern application programme interface which leverages less bandwidth making it more suitable for internet use.
CTF	Counter-Terrorism Financing.	UBO	Ultimate Beneficial Owners which is a map of the shareholders and if a shareholder is a company who their shareholders are all the way through to the final people-based shareholders.

Executive Summary



Achievements since Last Raise

- Accelerated delivery of Perpetual KYC solution
- Investment into Sales and Marketing
- Technology achievements
- Built out London team to capitalise on UK opportunities – leadership in Sales, Marketing, Product and Data Science
- Development of Partner Strategy
- Cost Reduction: rationalised Kyckr offices

Refined Strategy

- Further investment in Sales and Marketing
- Revenue acceleration:
 - Partner Strategy extended
 - Building enterprise pipeline
- Cost Reduction phase two: outsource tech function to more cost-effective partners
- Increase product development cadence
- Extend use cases beyond onboarding and remediation
- Extend target sectors beyond Financial Services



Business Update



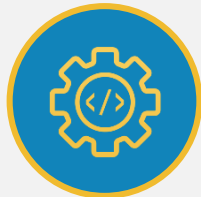
Accelerated delivery of Perpetual KYC solution

- Launched 'Company Watch' product to the enterprise market to capitalise on regulatory tailwinds from 5AMLD.
- Potential for high margin subscription income.
- Market has high barriers to entry – Kyckr one of few providers with access to corporate registry information.



Invested in Business Development, Sales and Marketing

- Hired two experienced New Business Directors and one Account Director.
- New Head of Marketing joined.
- Increased outbound marketing activity – new website, new collateral, usage of marketing automation for the first time.
- Growing enterprise pipeline – beginning to see results with new logo acquisitions.



Technology Achievements

- Launched Company Watch on the Kyckr platform
- Built new REST-based Company Watch and Search APIs
- Achieved ISO27001 certification



Built out London Office

- Home to Sales and Marketing functions.
- Head of Product and Data Scientist also hired.
- Base for business development efforts, capitalising on potential customers in City of London



Launched phase one of partner strategy

- In conversation with 21 partners
- Three agreements signed to-date
- Activity ramping up in Q4



Completed phase one of cost reduction plan

- Closed Dublin office
- Closed Sydney sales office
- Refocusing towards European market where regulatory tailwinds are strong



Who We Are

Primary source company intelligence,
delivered smartly.



About Kyckr

Kyckr provides real-time access **to legally authoritative global company data via a single platform** by connecting you to **175 company registries** across over **120 countries**.

Kyckr helps businesses and customers to **prevent money laundering, fraud and financial crime** through commercial Know Your Customer (KYC) solutions.

Unlike many data providers, we do not store and provide outdated company data. We **connect you directly to the registry at every search**, ensuring the quality and accuracy of the information we return.

Our automated solutions offer a powerful suite of tools to help you manage your regulatory, Know Your Customer (KYC) and compliance challenges, no matter where you are in the world.



Corporate Overview

ASX code: KYK

Listed: Sep 2016

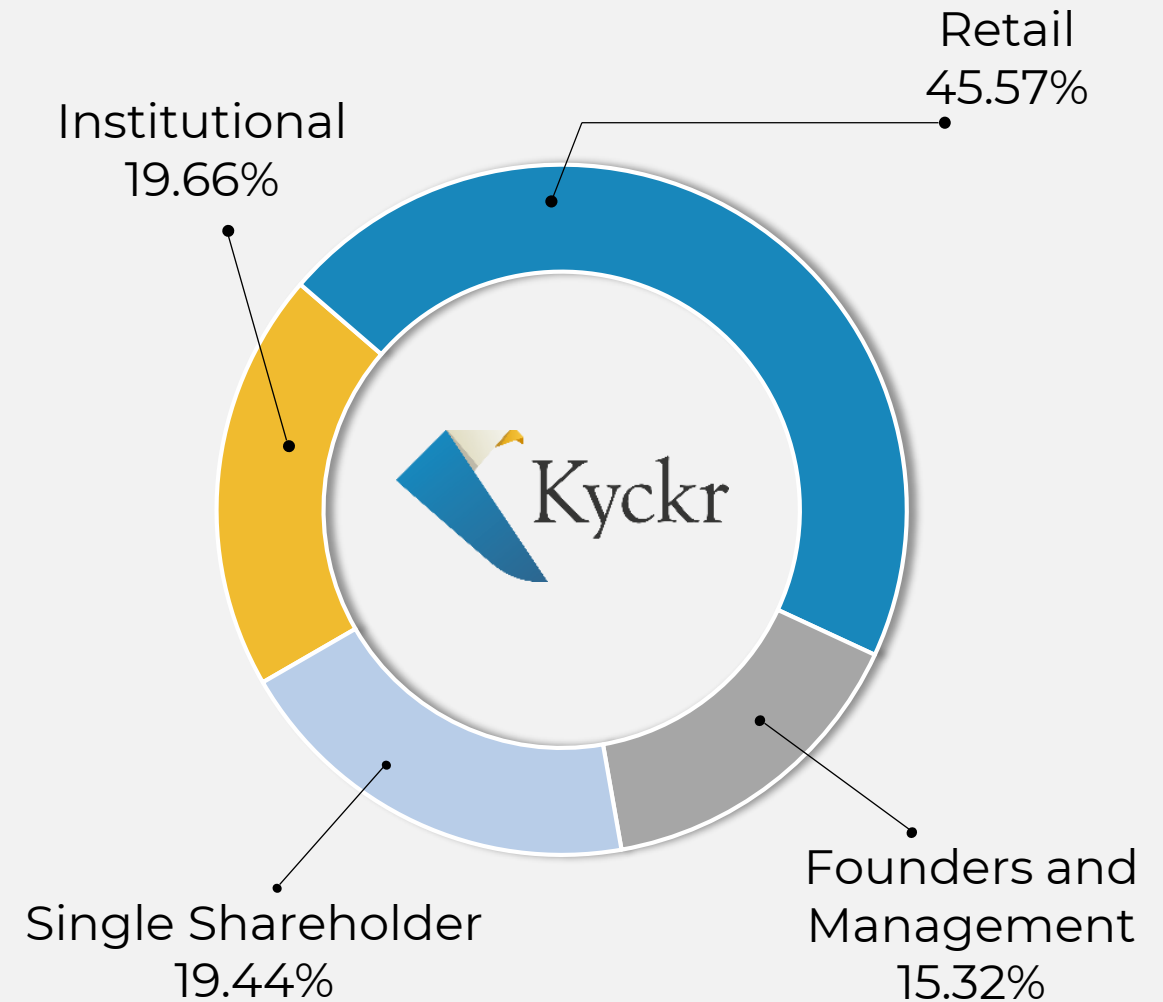
Shares issued: 235m

Share price: \$0.092*

Market cap: \$21.59m

*As at 15 May 2020

Shareholder Composition



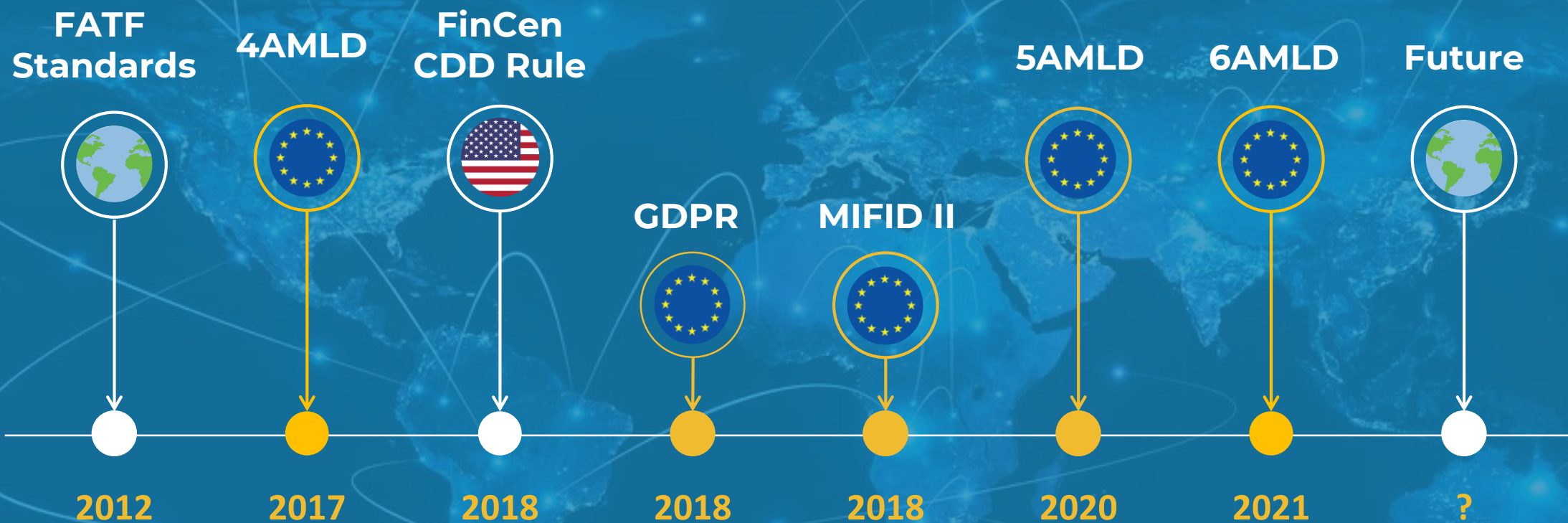
Customers who trust us



- Extending reach within existing clients
 - Additional Divisions
 - Additional Use Cases
- Growing portfolio of Blue Chip clients
- Broadening sector coverage



The onslaught of global regulation has made Know Your Customer (KYC) compliance harder and costlier than ever before



As regulations stack up, onerous manual KYC processes are becoming more time-consuming and expensive, whilst onboarding delays are increasing the pain felt by end customers.

KYC 1.0

Basic DD
Sanctions screening
Transaction monitoring
Fines in rare cases



KYC 2.0

UBO identification
Frequent EDD
Report discrepancies
Stringent enforcement

The Onboarding Process



**Full onboarding process in KYC 2.0
can take >3 months**



Large teams of analysts
needed for manual
verification processes



Huge quantities of data
are needed from disparate
and hard-to-reach sources



Ongoing, repetitive
communication with
customers is the norm

The impact of KYC 2.0 on regulated companies is stark



The largest FIs (\$10bn+ turnover) saw average spend on KYC-related procedures increase from \$142m in 2016 to \$150m in 2017.¹



KYC Analysts are spending **40%** of their time on public data collection².



Onboarding can take up to **32 days**¹. **12%** of corporations have switched banks as a result of KYC issues¹.

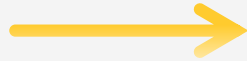
1. Thomson Reuters, 2017
2. Thomson Reuters, 2018

To succeed, firms need new data sources and capabilities



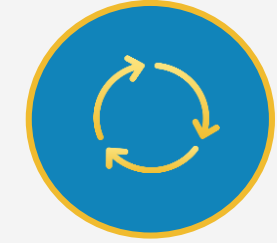
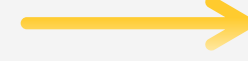
A reliable primary company data source

To alleviate the time-consuming task of public data collection, reduce false positives or negatives and consolidate vendor relationships



Smart automation and systems integration

To enable seamless onboarding experiences for customers and improve efficiency throughout the KYC process



Perpetual data quality maintenance

To reduce the customer friction which arises from frequent information requests and eliminate data decay

Providers of stored data do not meet the needs of firms in KYC 2.0



In a **2017** survey of AML Leaders at Financial Institutions²:



Only **23%** of participants expressed extreme confidence in their AML and customer due diligence (CDD) data vendors



Participants listed *coverage gaps in certain regions* as one of their leading causes of doubt.

1. Refinitiv, 2019
2. Thomson Reuters, 2017

Why choose Kyckr?

Kyckr addresses these issues and makes firms KYC 2.0 ready, by providing primary source company intelligence, delivered smartly.



Our Coverage



We have built direct connections into 175 international registries in 120 countries, including in major onshore and offshore financial centres



By connecting to registries in real-time,
we provide company intelligence that is



Current

Correct

Compliant

Kyckr

...no stored data in sight



Revolutionising the KYC process



Kyckr's real-time, primary source data facilitates compliant KYC processes. Our range of technology helps you perpetually monitor your customer risk from start to finish.



Kyckr Perpetual KYC



Online Document Search & Purchase

Search and download from 175 corporate registries from the Kyckr website, with dashboard reporting, admin tools and team management.



Client Onboarding

Kyckr's low-cost KYC solutions provide successful and faster client onboarding, therefore accelerating customer revenue.



Data Cleanse & Validation

Verify & Validate fully automates to cleanse, remediate and verify existing corporate records, enabling data management compliance.



Company Watch

Active online monitoring service to notify changes to corporate data. Alerts can be daily, weekly or monthly.



Client Offboarding

Equipped with new information, existing relationships can be easily offboarded removing AML, CTF and Fraud risk.

Revenue Streams



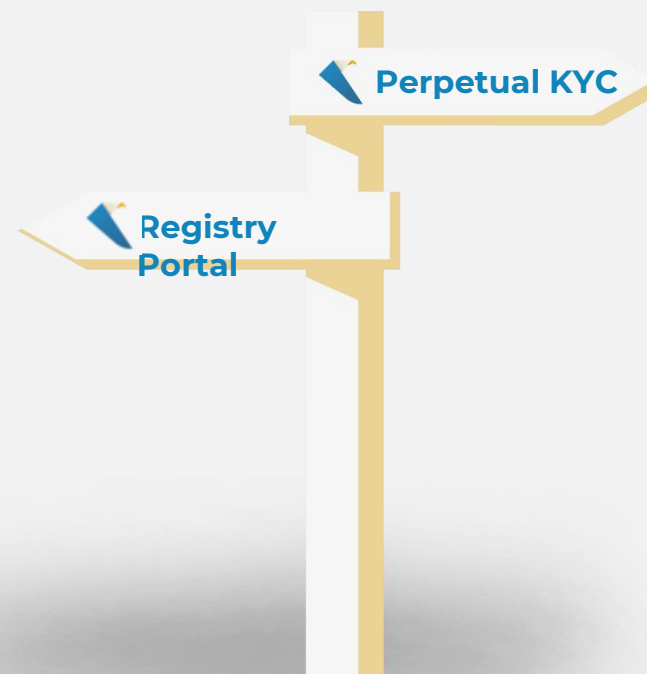
Kyckr Registry Portal (digital data and documents)

Kyckr Pay As You Go

For individual users making discretionary data purchases

Kyckr for Business

For teams with high purchase volumes.
Annual prepaid contracts, invoiced monthly.
Includes additional admin features



Kyckr Perpetual KYC

An enterprise solution combining one-off data remediation projects (Verify & Validate) with annual recurring revenue via ongoing monitoring of entities (Company Watch)

All our services are also available for consumption via API.

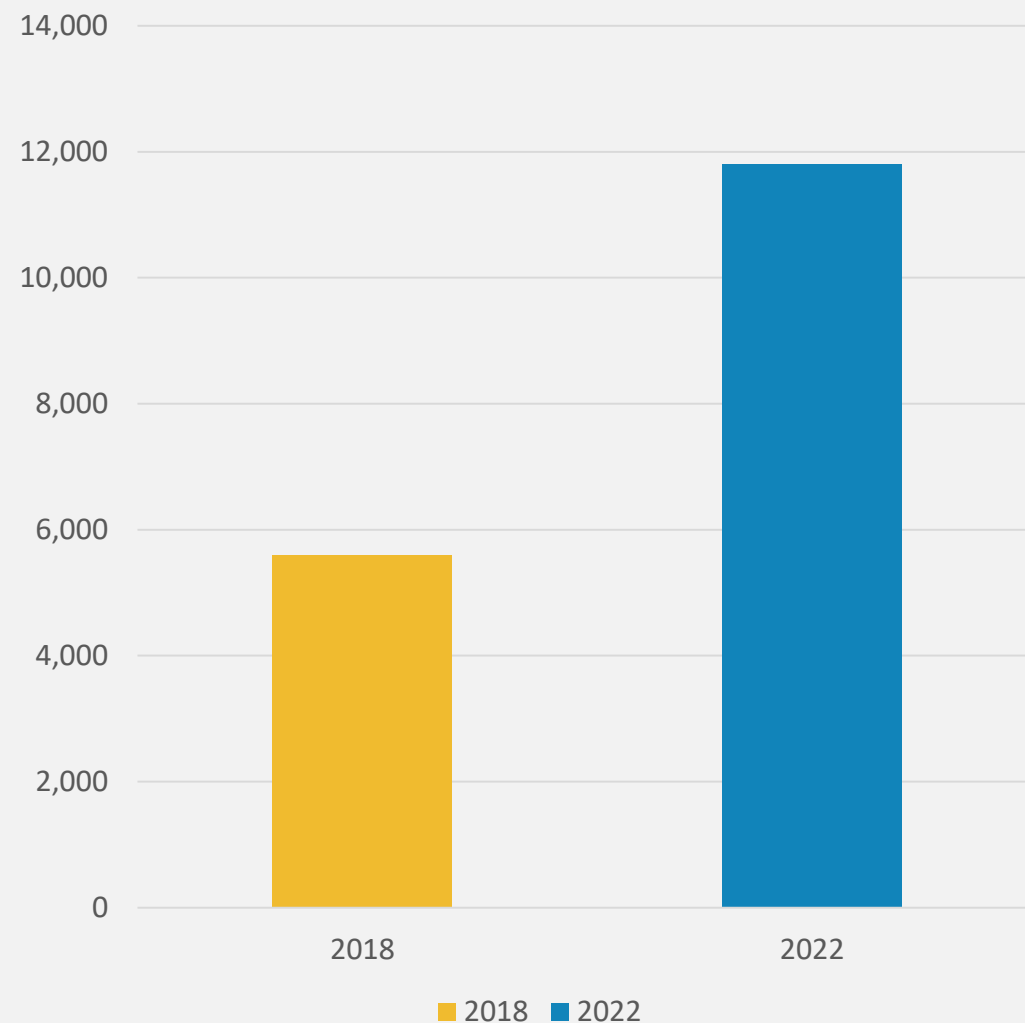
The KYC Market

Growth Expected to Double by 2023

KYC services comprise services such as business verification, beneficial ownership identification, and risk assessment. The total market for KYC solutions has a projected annual growth rate of 16% and is expected to reach \$11.8 billion in 2022.

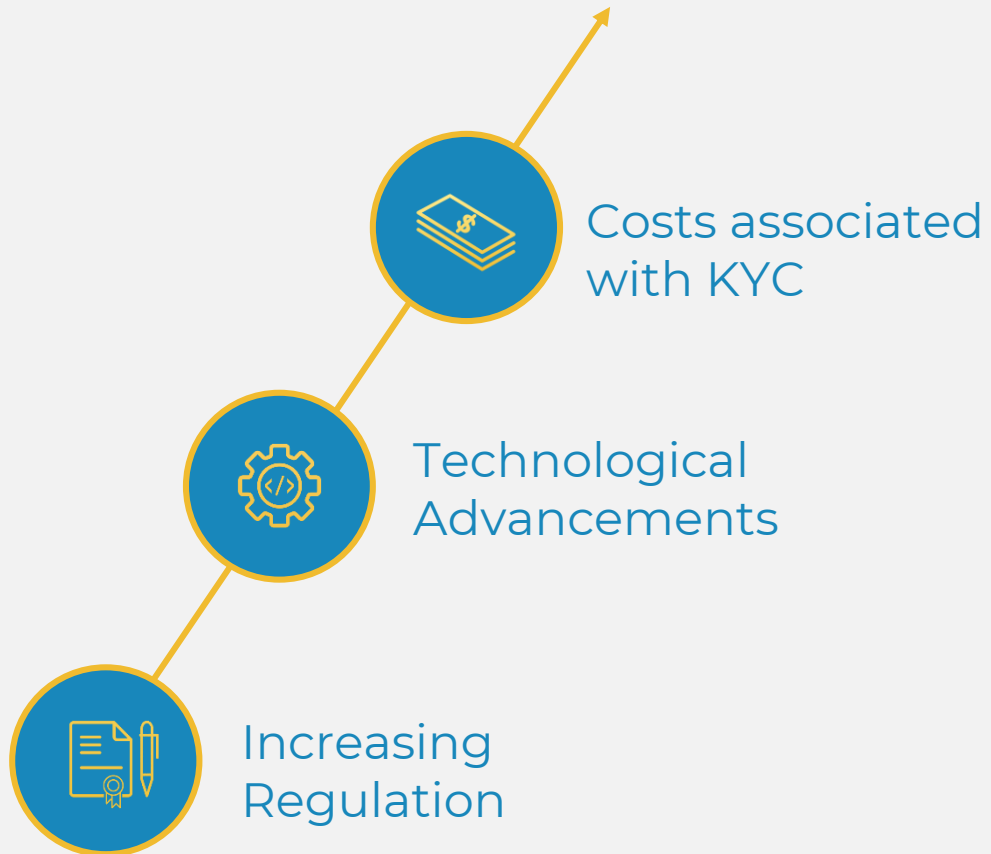
According to Thomson Reuters, it is estimated that large financial institutions spend up to \$150 million annually on Know Your Customer (KYC)².

Global KYC Market Revenue (in \$bn)¹



Source: (1) OWI Labs, 2018; (2) Thomson Reuters, 2017.

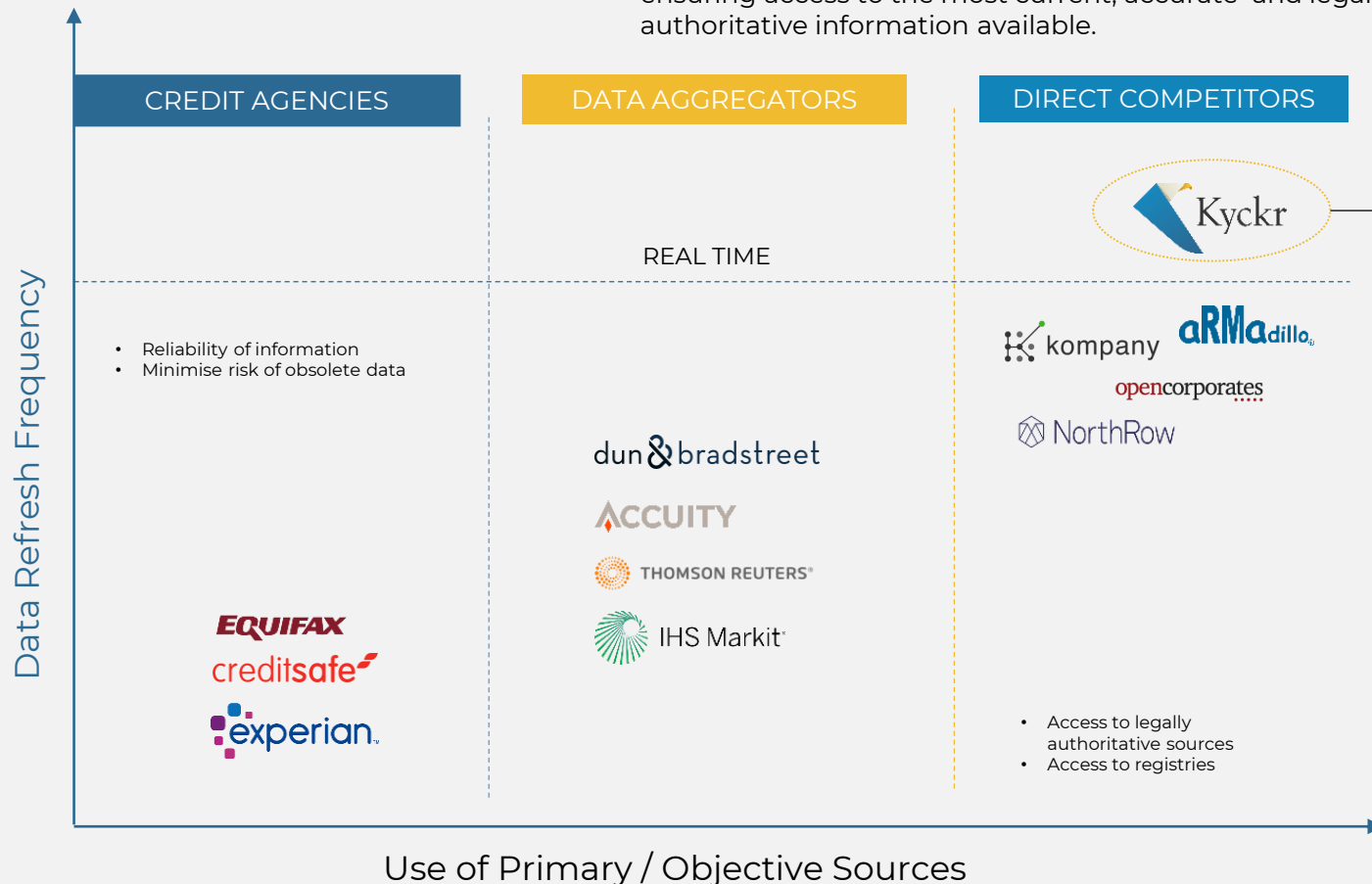
Why it is Growing



Illustrative Competitive Positioning



Kyckr is **unique** in connecting to registries live at every search, ensuring access to the most current, accurate and legally authoritative information available.



The competitive landscape consists of three main groups

CREDIT AGENCIES

who leverage large databases of commercial entities. They are reliant on static records often updated only on a transactional basis from secondary sources.

DATA AGGREGATORS


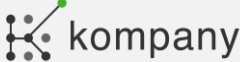



who are similar to credit agencies, but have broader access to information that isn't restricted to credit worthiness.

SPECIAL DATA PROVIDERS

like Kyckr, who are focused on the KYC use case specifically.

Illustrative Competitive Advantage



Company	Data Refresh	Data Source	Data Coverage	Cloud-based App	API	Perpetual KYC Solution
 Kyckr	Real-time	Corporate Registries	175 Registries	✓	✓	✓
 kompany	Periodic Update Timing Unknown	Multiple Sources	c.140 Registries	✓	✓	Limited
 aRMAdillo	Manual Sourcing from Registries	Corporate Registries	Unknown	✗	✓	✗
 NorthRow	Periodic Update Timing Unknown	Multiple Sources	c.120 Registries	✓	✓	Limited
 opencorporates	Between days and months	Corporate Registries	Unknown	✓	✓	✗
Data Aggregators	Manual Update Timing Unknown	Multiple Sources	Coverage of businesses globally	✓	Typically	Some
Credit Agencies	Manual Update 4-6 Weeks	Multiple Sources	Coverage of businesses globally	✓	Typically	✗

2019 / 2020 – shift in business model



Shifting the approach

- At the point of Kyckr's IPO in 2016, its basic strategy was to make money from data aggregation – by selling global registry data with a mark up on the cost price. Margins were low and in a fairly commoditised market, Kyckr risked appearing as 'just another' data provider.
- Since 2019 capital raise, our strategy has been to shift the revenue mix further in the direction of high-margin, recurring subscription revenue; launching SaaS tools that generate high value for customers through productivity improvement and risk reduction.
- To that end, we have refocused product development effort on the areas which would most help us to target the enterprise SaaS market.

Operational achievements



Full launch of Perpetual KYC



Delivered Company Watch & Search API services to enterprise REST-standard



Achieved ISO27001 certification - a key requirement in enterprise procurement processes



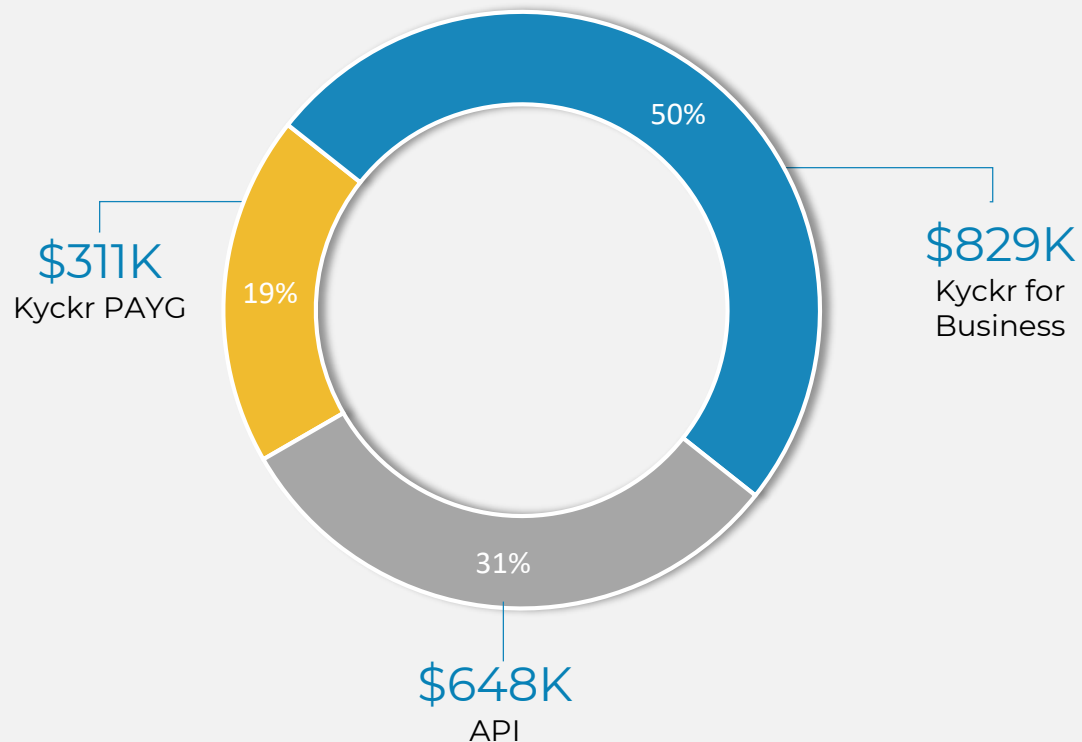
Financial Performance

Q3 FY20 Results

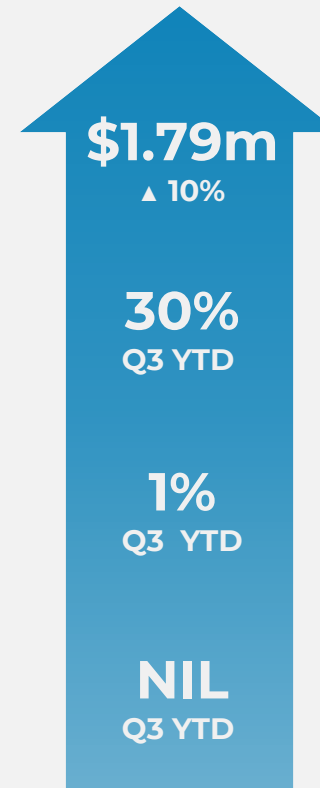
Making progress across the group's segments



Q3 FY20 YTD



Continual growth comparing YTD FY19 Q3 to FY20 Q3



Record 9 month revenue of \$1.79m for Q3 YTD
▲ 10% compared to Q3 YTD FY19

Core Growth – Enterprise Sales (Kyckr for Business and API)

Kyckr for Business web sales is stable with no material marketing investment

Online sales stable with no marketing investment



Strategy and Outlook

Strategic Priorities



Well positioned for significant growth in FY21

- Further investment in Business Development, Sales & Marketing
- Revenue acceleration:
 - Partner Strategy build out
 - Building enterprise pipeline
- Ongoing Cost Management: outsource tech function to more cost-effective partners
- Increase product development cadence
- Extend use cases beyond onboarding and remediation
- Extend target sectors beyond Financial Services



Revenue Acceleration



1

Partnerships

Engaging strategic partners

- Enterprise relationships reliant on direct communication between the end client
- Long sales cycles and procurement processes can be an obstacle to faster revenue growth
- 2020: increasing volume of partners to create new revenue growth channels
- Collaborate with leading global firms to embed Kyckr's unique registry network
- Reduces time to revenue, decreases set-up time/costs, and connect to large customer networks

2

Enterprise Expansion

Continued enterprise focus

- Contract renewals have successfully extended into a further year
- Continue to increase the number of fixed price contracts with minimum annual usage
- Continue to fulfil procurement obligations and onboarding assessments of our clients and pilot prospects – taking up to 12 months for some clients
- Perpetual KYC pilots proposed with major banks and working to procurement and stakeholder needs

3

Extending target market

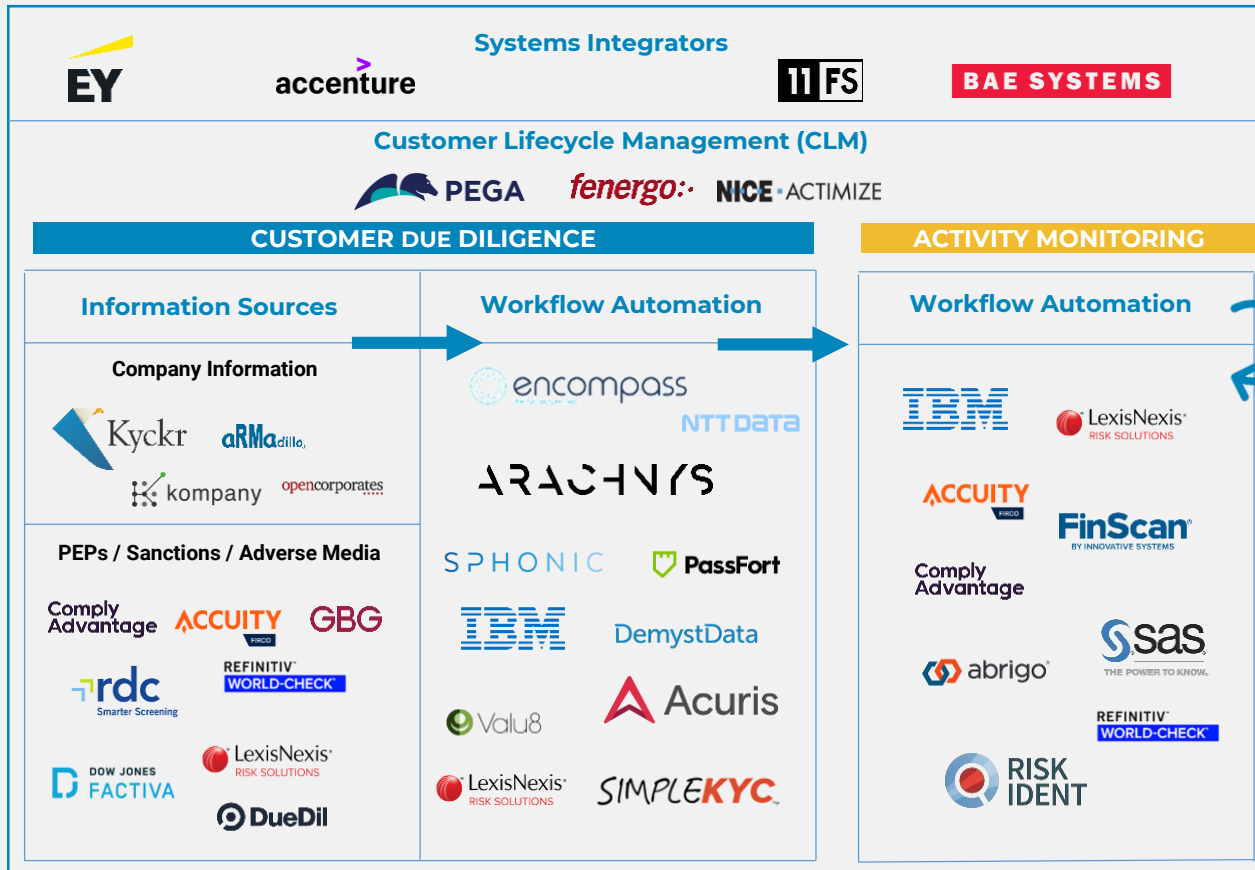
New use cases, new sectors

- Starting to leverage core capabilities to extend use-case portfolio to new in-demand areas, including Know Your Supplier and UBO identification
- New use cases opening up new pools of potential clients in different verticals. KYS is a pain point in retail, whilst UBO identification relevant to all regulated sectors, including Legal and e-commerce
- Starting to be approached by clients in new sectors
- Currently developing go-to-market strategy and extending outbound marketing efforts

The Corporate KYC / AML Tech Ecosystem



Illustrative view of KYC ecosystem and potential partners



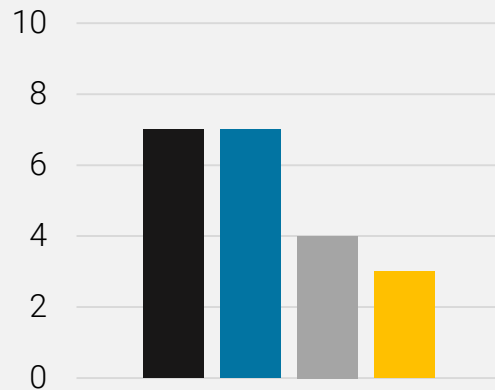
The interconnected nature of the KYC service ecosystem provides fertile ground for partnerships. Over the last 12 months we have explored several angles for potential partnerships, both horizontally and further down the value chain. These include

- **Integrating Kyckr data into workflow automation platforms** – providing indirect sales channels with a marginal customer acquisition cost of zero.
- **Integrating Kyckr services into Customer Lifecycle Management (CLM) platforms** – giving exposure to a large, global customer base.
- **Partnering with other information providers** to offer an integrated solution
- **Becoming a “recommended vendor” for System Integrators.**

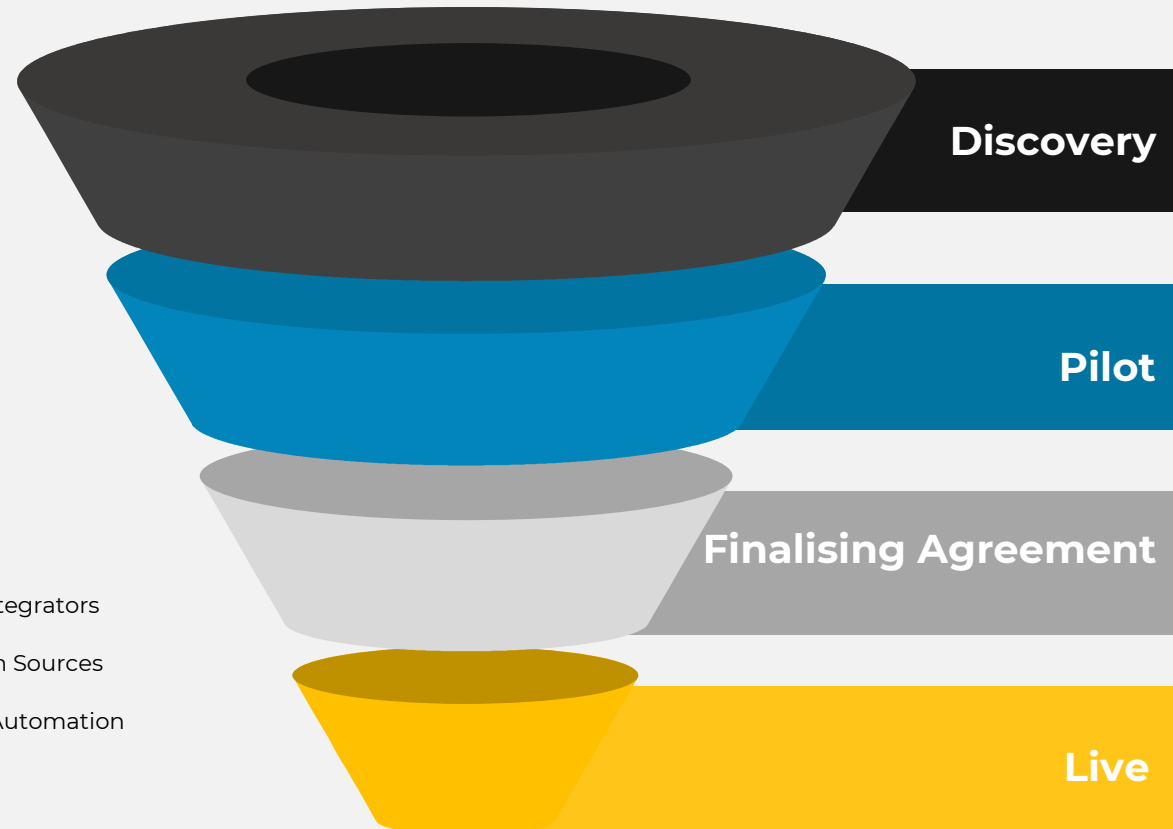
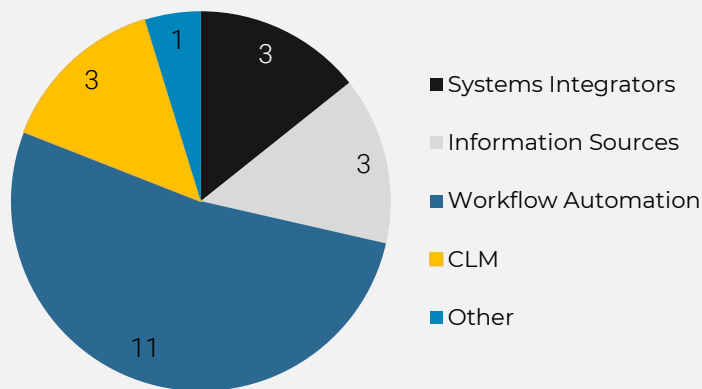
Partner Pipeline



Pipeline Weighting



Partner Discussions by Type



The volume and quality of partner conversations has increased significantly over the last 9 months.

In 2019 we had low traction.

In 2020 we are in active discussions with 18 partners and have signed agreements with three.

Partnership Models



We have explored a mix of commercial models with partners, each with their own respective advantages, depending on the exact scenario:

01

Channel Reseller

Partner has the ability to resell Kyckr's services, whether integrated with their own services or as a separate product. Beyond initial setup outlay, costs to Kyckr are low and relationships can yield stable, ongoing revenue.

02

Referral Partner

Partner refers Kyckr's services to their customers. If customer is interested, they are passed to Kyckr's sales team to complete the sale. An advantage is that Kyckr holds the end relationship with the customer.

03

Combined Offer

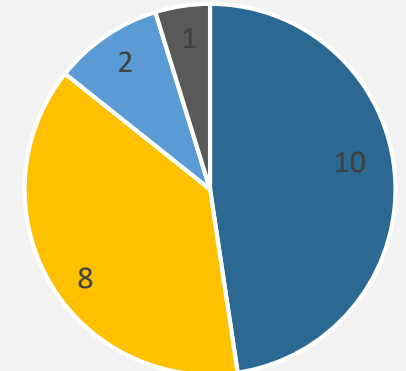
Partner and Kyckr integrate offerings to create a new solution which can be sold by either partner. A longer term play with higher initial set up cost, but can fill gaps in Kyckr's product offering, enabling it to win customers in new markets.

04

Consultancy Enabler

Kyckr provides project based services to a consultancy, to facilitate the delivery of wider pieces of work – e.g. data remediation.

Ongoing partner discussions segmented by relationship model



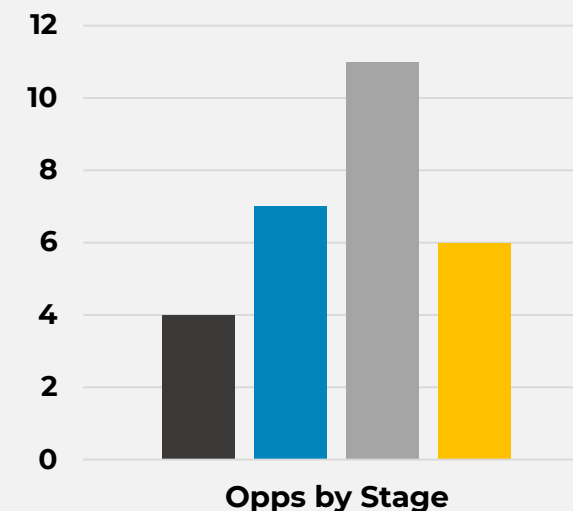
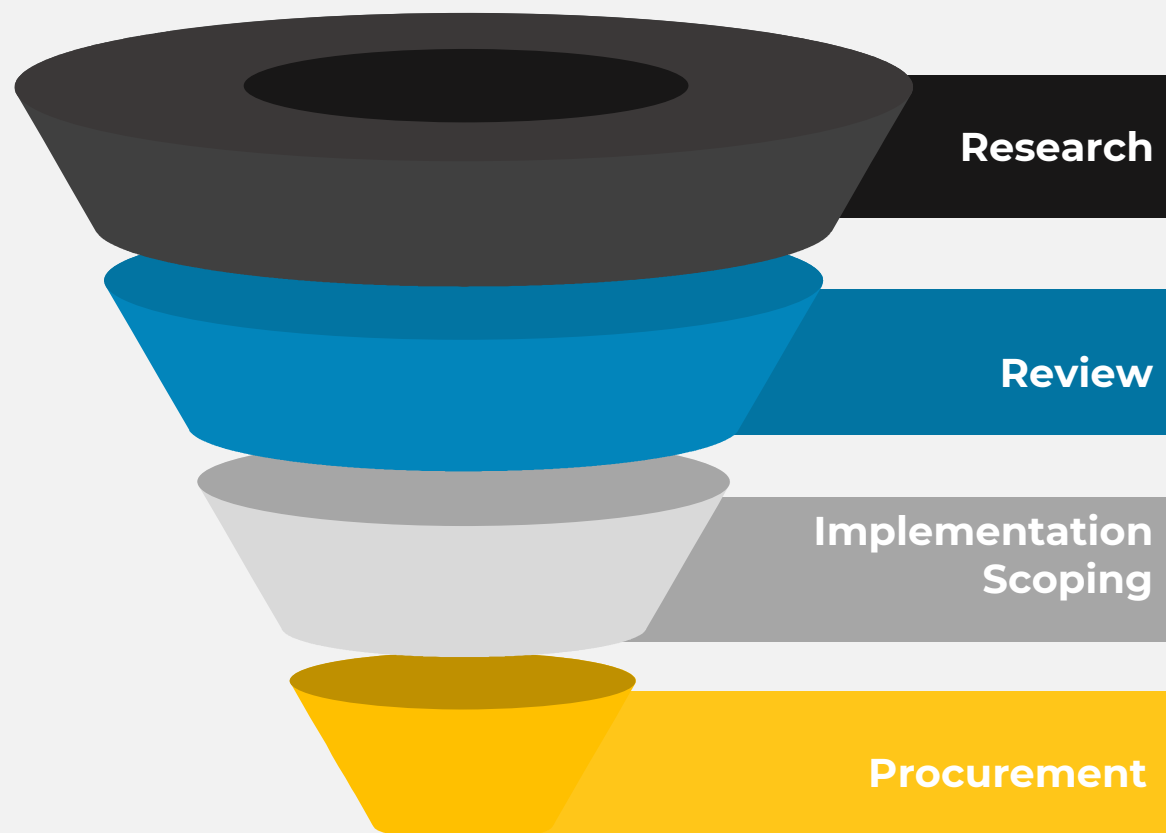
■ Channel Reseller ■ Referral Partner
■ Combined Offer ■ Consultancy Enabler

Enterprise Sales Pipeline



Enterprise pipeline showing strong growth:

- Business Development, Sales & Marketing embedded and making an impact
- Perpetual KYC solution gaining traction in the market



Product Development



Three pillars to product development strategy in FY20-21:

Cost Reduction

- Decision taken to move our currently outsourced product development to more cost-effective partners.
- In the middle of a procurement process, with new partner expected to be appointed in June 2020.
- All partners being considered are FinTech/RegTech specialists and have a track record of delivering award-winning cloud-based products.

Increased Cadence

- Head of Product hired in January 2020.
- Last three months: operational improvements to increase development throughput.
- Implementation of customer feedback loop: feedback and product ideas fed into backlog and continually prioritised, value delivered to customers more quickly.

Extend Perpetual KYC capabilities

- Continued improvement of Company Watch and Verify & Validate functionality.
- Extending data points that can be monitored, increasing available data sources and investigating use of machine learning to aid with data extraction.
- Agile roadmap prioritised based on customer demand.

Enhanced Marketing Capabilities



Achievements

Foundation for successful marketing activities has been put in place:

- New website
- Modernised, mobile responsive Kyckr Registry Portal
- Marketing automation software implementation
- Salesforce process enhanced
- Existing data cleanse and segmentation
- New collateral
- Product video – Company Watch
- SEO Optimisation

Planned Marketing Activities

- Various lead generation activities:
 - Targeted, automated campaigns (SME Lending, Company Watch, PAYG Reactivation)
 - Campaigns for new use cases and new sectors
 - Hosting webinars
 - Attending 3rd Party Events (once possible)
- Thought leadership content creation
- Joint partner promotions
- Industry Award submissions
- Additional pages to website for new use cases / sectors
- ROI Assessment & Reporting

and many more!



Extending target markets



New Sectors

Kyckr has traditionally focused on the Financial Services market and, within that market, almost exclusively Tier 1 banks. Whilst contracts can be lucrative, **sales cycles** can very long (>12 months in many cases), the **procurement process** is extensive and often a high degree of **product customisation** is required.

In 2019 we began broadening our approach and targeting other sectors where the KYC use case is strong, including:



Payments



E-Commerce



Legal



Insurance

As we have seen with payment customers, deal size can be as large as Tier 1 Banks, with a lower customer acquisition cost.



New Use Cases

- Our efforts over the last 12 months have also demonstrated that Kyckr capabilities have value in Use Cases beyond customer onboarding and remediation.
- As a result of the 5AMLD, verification of Ultimate Business Owners a requirement for regulated firms. Kyckr data can be used to track ownership chains and find UBOs – as a result, we are now partnering with an Australian tech firm to investigate an automated solution for this workflow.
- We have also seen demand in the Know Your Supplier (KYS) space. Procurement teams are now required to conduct extended due diligence on potential suppliers as a result of the Modern Slavery Act and other legislation:

How harnessing data analytics can reduce procurement fraud

GUEST CONTRIBUTOR - November 5, 2019 12:16 AM |

Categories: Procurement
Supply chain

For instance, harnessing data analytics will enable professionals to paint a clearer picture of where a potential supplier sits within a group structure. This can be particularly helpful when understanding whether your contract should be held further up the group structure or with the supplier itself. It can also provide clarity on who the suppliers' directors are, and where else they have been or currently are directors.

Industry Impact of Covid-19



Whilst the Coronavirus pandemic has had a negative effect on businesses in many sectors, the resulting changes to behaviour present significant opportunity for Kyckr.

Coronavirus pandemic leads to accelerated Digital Transformation for merchants

DIGITAL TRANSFORMATION RETAIL TOP STORIES INTELLIGENT CIO
Alix Pressley | 15 April, 2020

COVID-19 Set to Radically Accelerate Digital Transformation in the Retail Banking Industry

One in Four Customers Is Planning to Either Use Branches Less or Stop Visiting Branches Altogether After the Crisis, According to New Boston Consulting Group Survey



The need to act on money laundering has intensified with the coronavirus crisis. There had been [an increase in cyber crime](#) and also virtual money laundering, in line with a more general trend related to widespread lockdown measures which are driving more activity on to the web, said Mr Dombrovskis. "More activity happens online and it also happens that more criminal activity happens online."

FINANCIAL TIMES

Coronavirus raises demand for digital KYC, FATF urges responsible remote onboarding

Apr 14, 2020 | [Luana Pascu](#)

CATEGORIES [Biometrics News](#) | [Facial Recognition](#) | [Mobile Biometrics](#)



Banks Race to Adapt AML Systems for the Coronavirus Age

Lenders expect regulatory lashing if controls fail to keep pace with changes in criminal behavior.

[waterstechnology](#)

Covid-19 implications for Kyckr



Kyckr transitioned to lockdown quickly and effectively and is currently operating efficiently. We are continuing to closely monitor the impact on Kyckr revenues.



Increase in virtual money laundering activity¹ means strengthened KYC/AML practices

- Lockdown measures are driving activity to the web, increasing cyber crime
- Need for regulated firms to tighten KYC practices to counter new criminal threats



Whilst regulators may relax capital & solvency rules to increase lending, AML/CTF rules will continue

- More companies needing loans means more customers for lenders to onboard
- With KYC legislation showing no signs of relaxing, lenders need scalable onboarding solutions that marry efficiency with compliance



Switch to mass working from home has accelerated KYC process automation

- Pandemic has accelerated existing trend towards automation
- Banks, in particular, now realising that digital transformation can't be 'tomorrow's problem', in a time of new working practices and belt-tightening

1. Financial Times, 2020



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