

# Kyckr Grows Recurring Revenue in December Quarter

## Highlights

- **Kyckr reported total (unaudited) revenue of \$625k for Q2 FY21 versus \$607k for Q2 FY20**
- **Revenue growth was driven by Kyckr's Enterprise business, where Q2 revenue was up 45% on the prior year.**
- **As regulation continues to bite existing Kyckr customers' monthly run rate spend has increased 20% in H1 FY21.**
- **Focus on product development with *Company Watch* gaining international traction, alongside the development of *UBOVerify***
- **Increased partnership engagements with NTT/Bank of Ireland and FrankieOne**
- **Solid balance sheet with \$7.2 million cash as of 31 December 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 December 2020.

## Financial Overview

- Quarterly revenue of \$625k (unaudited) up 3% compared to Q2 FY20.
- Enterprise revenue up 43% on same period prior year offset by:
  - \$52k reduction in website revenue caused by reduced individual client activity due to the impact of Covid-19.
  - The same period prior year included \$112k of one-off project revenue.
- Underlying revenue growth, net of one-off revenue, up 25% compared to Q2 FY20.
- Contracted annual recurring revenue (ARR) increased by 27% compared to Q1 FY21 as more clients move from "pay as you go" (PAYG) to contractual commitments. This trend is expected to continue
- Existing customer monthly run rate expenditure increased 20% in H1.
- Cash position of \$7.2m as at 31 December 2020.

## Business Update

The December quarter saw the completion of Kyckr's transition from selling data and documents on a transactional basis to contracting with clients for the provision of value-added information services over longer timeframes. This was reflected in the increase in Enterprise activity with more customers moving to upfront payment models.

Kyckr remained focused on its strategy of building its Enterprise channel and Partnership model, resulting in solid growth of Enterprise revenue, albeit offset by Covid-19 related impact on website traffic. Kyckr's emphasis is firmly on Enterprise customer acquisition and converting PAYG Enterprise users to annual contracts. The Company expects this trend to continue as marketing activities remain centred on the more lucrative opportunities with Enterprise customers.

## Expanding corporate client base

Kyckr's strategy led to the addition of a number of Enterprise clients, the most notable of which was global legal firm Clifford Chance, one of the world's ten largest legal firms. The contract is for the provision of Kyckr's onboarding services with Clifford Chance's UK division. The agreement represents the Company's highest profile legal client win to date and first customer in the "Magic Circle", the five most prestigious London-headquartered law firms.

### Increasing partnership engagements

Strategic partnerships remain an important contributor to revenue opportunities as evidenced by the new contract agreement with NTT / Bank of Ireland, a long-standing client since 2015.

Kyckr recently established a partnership engagement with FrankieOne, a leading onboarding and fraud-prevention platform for banks, fintechs and financial institutions in the Australian market. FrankieOne's clients can now access Kyckr's extensive global registry data sources.

The Company recently hired a Head of Partnerships and Technology Lead as it carries on building its partnership program.

### Enhanced product offering with international launch of Company Watch and UBO Verify

Kyckr released its highly anticipated core product *Company Watch* internationally. Company Watch represents a step change in the Know Your Customer (KYC) space, enabling firms to expand from customer authentication during the onboarding period to real time, ongoing monitoring of customers.

The product is the latest component of Kyckr's strategic vision to create a Perpetual KYC solution with benefits at every stage of the customer lifecycle. At present, Financial Institutions take an average of 20 days and at least three customer contacts to complete a 'refresh' of KYC customer data, representing onerous and manual tasks. With Company Watch, Kyckr users experience time savings of up to 80% and material improvements in data accuracy. The enhanced service now covers entities in Australia, the UK, the European Union and China.

Kyckr also developed a new product offering *UBOVerify* (Ultimate Beneficial Owner) which easily identifies UBOs and the ownership structure of a given entity. *UBOVerify* reduces UBO investigation time by days and removes much of the manual work which is currently required to source UBO information.

During the period, the Company also added China and Japan to its network of corporate registry connections. This follows the significant new demand from customers for accurate and legally authoritative company information at a time of increased ownership of western firms by Chinese entities.

**Kyckr CEO, Ian Henderson, commented:** "The last six months have been a strategic shift for Kyckr from its transactional model of selling data and documents to the provision of value-added information services over longer timeframes. This is reflected in the increased usage amongst our existing clients."

"We have continued to drive our more lucrative Enterprise division. Our strategic partnership program is also continuing to bear results evidenced by the contract extension with NTT/Bank of Ireland and the addition of FrankieOne.

"Product development remains at the core of what we do and the international launch of *Company Watch* was a key focus for us during the period, as was the development of *UBOVerify*, with regulators increasingly demanding that the true underlying corporate ownership is clearly understood.

"Customer verification is applicable in the finance industry and beyond, and our aim is to provide faster, more accurate and cheaper verification for industry participants. Perpetual KYC is set to become the norm and we are on a mission to increase the amount of information and information sources available to our clients, so they can easily establish who their customers are and stop money laundering at its root."

### Rising Star recognition in RiskTech100® 2021 Ranking

Kyckr was recognised as a Rising Star in RiskTech100® 2021 Ranking, the flagship report of Chartis Research. RiskTech100® is the most comprehensive independent study of the world's major players in risk and compliance technology, and this accolade further highlights Kyckr's position as a top player in the field.

### Corporate

Related party payments of \$141k were paid during the period, which represent Director fees paid from the shareholder-approved pool of fees.

Two Board changes occurred during the quarter, with Non-Executive Director, John Van Der Wielen, stepping down from the Board following his recent appointment from the Western Australian Government to Chair the WA Future Health

Research and Innovation Fund (FHRI). Mr Van Der Wielen remains a supporter of Kyckr's long-term prospects and continues to watch the Company closely.

Coinciding with the resignation, Mr Rajarshi (Raj) Ray was appointed Non-Executive Director. Mr Ray's international executive experience in Financial Services and SaaS, including as CEO of successful SAAS company, Class Super, along with his extensive ASX public company NED experience, make him a valued addition to the Kyckr Board, as the Company grows its leading SaaS-based RegTech platform.

## Outlook

The adoption of automated technology-driven solutions to manage regulatory compliance, verification and monitoring is set to grow following a number of high profile penalties given to financial institutions as a result of increased regulations. Kyckr will continue to promote its product offerings in key jurisdictions as the adoption of KYC technology is set to increase.

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 that provides the financial services sector and other regulated businesses with real-time company registry information to improve the efficiency and effectiveness of Know Your Customer (KYC) processes during the critical stage of customer verification and onboarding as well as post-onboarding customer monitoring (Perpetual KYC). Kyckr's solutions are connected to more than 180 regulated primary sources, in over 120 countries. Through its KYC and Company Watch (Perpetual KYC) solutions, Kyckr helps businesses and customers to prevent money laundering, fraud and financial crime.

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

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## Appendix 4C

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

**Name of entity**

Kyckr Limited

**ABN**

38 609 323 257

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

31-Dec-20

<b>Consolidated statement of cash flows</b>		<b>Current \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows related to operating activities</b>			
1.1 Receipts from customers		851	1,490
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(296)	(556)
(c) advertising and marketing		(136)	(216)
(d) leased assets		-	-
(e) staff costs		(855)	(1,569)
(f) administration and corporate costs		(865)	(1,655)
1.3 Dividends received		-	-
1.4 Interest received		14	28
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes benefit (paid)		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other transaction costs in acquisition of subsidiary		-	-
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(1,287)</b>	<b>(2,478)</b>
<b>2 Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(9)	(9)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current \$A'000	Year to date (6 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 noncurrent 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>(9)</b>	<b>(9)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,296
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	-	(202)
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>-</b>	<b>3,094</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	8,568	6,658
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,287)	(2,478)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,094
4.5	Effect of movement in exchange rates on cash held	(65)	(58)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,207</b>	<b>7,207</b>

Appendix 4C

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

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	7,207	8,568
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 4.6 above)</b>	7,207	8,568

6.	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	141
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

<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)	(1,287)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	7,207
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	7,207
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	5.6
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1.	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?	
	N/A	
8.6.2	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?	
	N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	N/A	
<i>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.</i>		

### 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 does give a true and fair view of the matters disclosed.

Date 25th January 2021

Authorised by: The Kyckr Limited 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.*