

13 September 2022

ASX ANNOUNCEMENT

Scheme Booklet registered with ASIC

Kyckr Limited (ASX: KYK) (**Kyckr** or **Company**) refers to the announcement made on Monday, 12 September 2022 that, in relation to the proposed acquisition of 100% of Kyckr's shares by RealWise KYK AV Pty Ltd (**RealWise**) (other than any shares held by RealWise or any of its wholly-owned entities) by way of a Court-approved scheme of arrangement for a cash consideration of 8.0 cents per Kyckr share (**Scheme**), the Supreme Court of New South Wales has approved the convening of the Scheme Meeting and despatch of an explanatory statement providing information about the Scheme and the Notice of Scheme Meeting (**Scheme Booklet**).

Scheme Booklet

Further to that announcement, Kyckr has now registered the Scheme Booklet with the Australian Securities and Investments Commission. Capitalised terms not otherwise defined in this announcement have the meaning given to them in the Scheme Booklet.

The Scheme Booklet contains important information for the consideration of Kyckr Shareholders about the Scheme and includes a Notice of Scheme Meeting and an Independent Expert's Report.

It is important that Kyckr Shareholders read the Scheme Booklet in its entirety before making any decision in relation to the Scheme.

A copy of the Scheme Booklet, which includes the Notice of Scheme Meeting and an Independent Expert's Report, is attached to this announcement and is also available for viewing and downloading from Kyckr's website at www.kyckr.com/investors

Further details on how to access the Scheme Booklet will be sent to Kyckr Shareholders in the course of this week.

Kyckr Shareholders who would like a hard copy of the Scheme Booklet (including the Notice of Scheme Meeting) may request for a copy by contacting the Kyckr Shareholder Information Line on 1300 370 557 (within Australia) or +61 2 8023 5465 (outside Australia) between 8.30am and 5.30pm (AEDT), Monday to Friday.

Independent Expert's Report

The Scheme Booklet includes a copy of the Independent Expert's Report prepared by Kroll Australia Pty Ltd (**Independent Expert**).

The Independent Expert has assessed the Scheme to be fair and reasonable and consequently, concluded that the Scheme is in the best interests of Kyckr Shareholders in the absence of a Superior Proposal.

The Independent Expert has assessed the value of a Kyckr Share on a controlling interest basis to be in the range of \$0.073 and \$0.084. The Scheme Consideration of \$0.08 per Kyckr Share falls within the upper half of this range.



KYCKR LIMITED ABN 38 609 323 257

The Independent Expert's conclusion should be read in the context of the full Independent Expert's Report which is included as Annexure A to the Scheme Booklet.

Kyckr Directors' recommendation

The Kyckr Board unanimously recommends that Kyckr Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders.¹ Each Kyckr Director intends to vote all of the Kyckr Shares controlled or held by, or on behalf of, them in favour of the Scheme, subject to the same qualifications.

Scheme Meeting

The Scheme Meeting will be held at 6.00pm (AEDT) on Wednesday, 19 October 2022 as a hybrid meeting at Level 24, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000 and virtually via the online meeting platform at <https://web.lumiagm.com/315503051>

Due to the continuing health risks arising from the COVID-19 pandemic, Kyckr shareholders are encouraged to consider attending the Scheme Meeting online.

Further information on how to participate and vote at the Scheme Meeting, including how to lodge a proxy, is set out in the Notice of Scheme Meeting contained in Annexure D to the Scheme Booklet and in the Online Meeting Guide which is available for viewing and downloading from Kyckr's website at www.kyckr.com/investors and from the ASX website at www.asx.com.au (under Kyckr's ASX code: KYK).

Further information

If you have any questions in relation to the Scheme or the Scheme Booklet, please contact the Kyckr Shareholder Information Line on 1300 370 557 (within Australia) or +61 2 8023 5465 (outside Australia) between 8.30am and 5.30pm (AEDT), Monday to Friday.

Kyckr Shareholders are also encouraged to, as appropriate, seek their own professional advice on their individual circumstances.

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

¹ Kyckr Shareholders should note, when considering this recommendation, the interests of each Kyckr Director in securities in Kyckr, including Kyckr Options, as set out in Section 3.5 and 9.2 of the Scheme Booklet. If the Scheme is approved and implemented, the Kyckr Directors will receive, in aggregate, approximately \$105,000 for the cancellation of their Kyckr Options.

SCHEME BOOKLET

For a scheme of arrangement between Kyckr Limited (ASX: KYK) and its ordinary shareholders in relation to the proposed acquisition of Kyckr Limited by RealWise KYK AV Pty Ltd



Your Kyckr Directors unanimously recommend that you

VOTE IN FAVOUR

of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders

This document is important and requires your immediate attention. It should be read in its entirety.

If you are in doubt as to what you should do or how to deal with this document, you should consult your broker or legal, financial, taxation or other professional adviser immediately.

A Notice of Scheme Meeting is set out in Annexure D to this Scheme Booklet.

If have any questions in relation to this Scheme Booklet or the Scheme, you should call the **Kyckr Shareholder Information Line** on 1300 370 557 (toll free in Australia) or +61 2 8023 5465 (if overseas) between 8.30am and 5.30pm (AEDT), Monday to Friday.

Financial Adviser:

LatimerPartners

Legal Adviser:



Important Notices

This Scheme Booklet is important. You should carefully read this Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme Resolution required to implement the Scheme.

Date of this Scheme Booklet

This Scheme Booklet is dated 13 September 2022.

Defined terms and interpretation

Capitalised terms used in this Scheme Booklet are defined in the Glossary at the end of this Scheme Booklet. Other grammatical forms of a defined word or phrase have a corresponding meaning. Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in the Glossary. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this document. All numbers are rounded unless otherwise indicated.

Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme for the purposes of section 412(1) of the Corporations Act. The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which it will be considered and implemented (if approved by the Requisite Majorities of Kyckr Shareholders and by the Court) and to provide information material to your decision whether to vote in favour of the Scheme.

This Scheme Booklet also sets out the manner in which the Scheme will be considered and implemented (if all of the conditions to the Scheme are satisfied or, if permitted, waived) and provides such information as is prescribed by law or is otherwise material to the decision of Kyckr Shareholders whether to vote in favour of the Scheme.

This Scheme Booklet does not constitute or contain an offer to Kyckr Shareholders, or a solicitation of an offer from Kyckr Shareholders, in any jurisdiction.

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1) of the Corporations Act. Instead, Kyckr Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

If you have sold all of your Kyckr Shares, please disregard this Scheme Booklet.

Responsibility for information

Kyckr has prepared, and is solely responsible for, the Kyckr Information. None of RealWise or its Related Bodies Corporate or their respective directors, officers, employees and advisers have verified any of the Kyckr Information and none of them assumes any responsibility for the accuracy or completeness of any of the Kyckr Information.

RealWise has prepared, and is solely responsible for, the RealWise Information. None of Kyckr or its Related Bodies Corporate, or their respective directors, officers, employees and advisers have verified any of the RealWise information, and none of them assumes any responsibility for the accuracy or completeness of any of the RealWise Information.

The Independent Expert, Kroll Australia Pty Ltd, has prepared the Independent Expert's Report contained in Annexure A of this Scheme Booklet and takes sole responsibility for that report. None of Kyckr, RealWise, or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers takes any responsibility for the Independent Expert's Report.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Role of ASIC and ASX

A copy of this Scheme Booklet was provided to ASIC in accordance with section 411(2) of the Corporations Act and has been registered by ASIC on 13 September 2022 in accordance with section 412(6) of the Corporations

Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2) of the Corporations Act.

Kyckr has asked ASIC to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, to the effect that ASIC has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire process in relation to the Scheme. Neither ASIC nor any of its officers are responsible for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers are responsible for the contents of this Scheme Booklet.

Important notice associated with Court order under section 411(1) of the Corporations Act

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has directed that the Scheme Booklet accompany the Notice of Scheme Meeting, does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Kyckr Shareholders should vote (on this matter Kyckr Shareholders must reach their own decision); or
- has prepared, or is responsible for the contents of, the Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Forward looking statements

Certain statements in this Scheme Booklet (including in the Independent Expert's Report) relate to the future. Such forward looking statements, which include information relating to the performance of Kyckr or the Kyckr Group, are not based on historical facts but rather reflect the current expectations of Kyckr (in relation to the Kyckr Information) or RealWise (in relation to the RealWise Information). Forward looking statements generally may be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential" or similar words. Similarly, statements that describe Kyckr's or RealWise's objectives, plans, goals or expectations are or may be forward looking statements. All forward looking statements in this Scheme Booklet (other than the RealWise Information and the Independent Expert's Report) reflect the current expectations of Kyckr concerning future results and events of Kyckr. All forward looking statements in the RealWise Information reflect the current expectations of RealWise concerning future results and events of RealWise.

Forward looking statements involve known and unknown risks, uncertainties and assumptions and are subject to a variety of other factors that could cause the actual results or performance of Kyckr to be materially different from what is expressed or implied by such statements. Some of the risks that Kyckr Shareholders may be exposed to in relation to the Scheme are set out in Section 7. Forward looking statements are based on numerous assumptions regarding present and future business strategies and the industries as well as the general economic environment in which the Kyckr Group will operate in the future. Actual events or results may differ materially from events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of the Kyckr Group Members, RealWise or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, undue reliance should not be placed on forward looking statements.

Kyckr Shareholders should note that historical performance of Kyckr is no assurance of Kyckr's future performance. Other than as required by law, none of the Kyckr Group Members, RealWise or any of their respective directors, officers, employees or advisers represents that, or gives any assurance or guarantee that, the occurrence of events expressed or implied in any forward looking statements will actually occur.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Additionally, statements of intention in this Scheme Booklet reflect present intentions as at the date of this Scheme Booklet and may be subject to change.

Opinions, projections, forecasts, targets, and outlook statements given in this Scheme Booklet are not guidance. As explained above, forward looking statements involve uncertainty and are subject to change.

Subject to any continuing obligations under law, the Corporations Act or the ASX Listing Rules, neither Kyckr nor RealWise gives any undertaking to update or revise any forward looking statements after the date of this Scheme Booklet, to reflect any changes in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

No investment advice

The information contained in this Scheme Booklet does not contain or constitute financial product advice and does not take into account the investment objectives, financial situation, taxation position or particular needs of any individual Kyckr Shareholder or any other person. Before making a decision (including a decision in relation to the Scheme or in relation to Kyckr generally), you should consider, with or without the assistance of an independent securities or other adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances. This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that Kyckr Shareholders consider the risks as set out in Section 7, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure A of this Scheme Booklet.

Notice to foreign shareholders

The release, publication or distribution of this document in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions, and persons outside Australia who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Scheme Booklet has been prepared in accordance with the laws in Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside Australia.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure D of this Scheme Booklet.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the votes at the Scheme Meeting.

Any Kyckr Shareholder may appear at the Second Court Hearing, which is expected to be held at 9.15am (AEDT) on Tuesday, 25 October 2022 at the Supreme Court of New South Wales, Law Courts Building, 184 Phillip Street, Sydney. It is possible that the Second Court Hearing will be held either virtually (online only) or by telephone conference. Details on how to attend the Second Court Hearing will be released by Kyckr to ASX if the Scheme has been approved at the Scheme Meeting. Kyckr Shareholders should note that the protocols for attendance at the Second Court hearing may change at short notice in light of developments relating to the COVID-19 pandemic. Any such change will be announced by Kyckr to ASX.

Any Kyckr Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Kyckr a notice of appearance in the prescribed form, together with any affidavit on which the Kyckr Shareholder proposes to rely. The notice of appearance and affidavit must be served on Kyckr at its address for service at least one day before the Second Court Hearing.

Taxation implications of the Scheme

If the Scheme becomes Effective and is implemented, there will be taxation consequences for Scheme Shareholders which may include taxation being payable on any gain on disposal of Kyckr Shares. For further detail about the general Australian taxation consequences of the Scheme, refer to Section 8 of this Scheme Booklet.

The taxation treatment may vary depending on the nature and characteristics of each Kyckr Shareholder and the specific circumstances that apply to that Kyckr Shareholder. Accordingly, Kyckr Shareholders should seek professional taxation advice in relation to their particular circumstances.

Privacy and personal information

Kyckr and RealWise may need to collect personal information in connection with the Scheme. The personal information may include the names, contact details and details of Kyckr Share holdings of Kyckr Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Kyckr and RealWise to conduct the Scheme Meeting and to implement the Scheme.

This information may be disclosed to Kyckr, RealWise and their respective Related Bodies Corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to effect the Scheme, and also where disclosure is otherwise required or allowed by law.

Kyckr Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. Kyckr Shareholders may contact the Share Registry if they wish to exercise these rights.

If the information outlined above were not collected, Kyckr may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. Kyckr Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the applicable Scheme Meeting should inform that individual of the matters relating to their personal information which are outlined above.

External websites

Unless expressly stated otherwise, the content of Kyckr's website do not form part of this Scheme Booklet and Kyckr Shareholders should not rely on any such content.

Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn down to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this document. All numbers are rounded, unless otherwise indicated.

Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to rounding. Accordingly, the actual calculation of figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Scheme Booklet. Any discrepancies between totals in tables or in financial information, or in calculations, graphs or charts are due to rounding.

Kyckr Shareholder Information Line

If you have any questions about your Kyckr Shares, or any other matters in this Scheme Booklet, please call the Kyckr Shareholder Information Line on 1300 370 557 (toll free in Australia) or +61 2 8023 5465 (if overseas) between 8.30am and 5.30pm (AEDT), Monday to Friday.

References to time

Unless otherwise stated, all references to time in this Scheme Booklet are to the time in Sydney, Australia.

References to currency

Unless otherwise stated, references in this Scheme Booklet to A\$ or \$ means Australian dollars.

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Letter from the Chair

13 September 2022

Dear Shareholders,

On behalf of the Kyckr Board, I am pleased to provide you with this Scheme Booklet, which contains information in relation to the proposed acquisition of Kyckr.

On 10 June 2022, Kyckr received an unsolicited, non-binding and confidential proposal from RealWise KYK AV Pty Ltd (**RealWise**), a company wholly-owned by Mr Richard White. Mr White is founder and CEO of WiseTech, and a highly regarded technology entrepreneur. He has been a shareholder of Kyckr since 2019, and as at the Last Practicable Date has a relevant interest in 122,346,906 shares in Kyckr (representing approximately 22.69% of Kyckr's current issued share capital).

Following negotiations, Kyckr received an improved offer for 100% of Kyckr at \$0.08 cash per Kyckr Share. The offer was expressed as "best and final" in the absence of a competing proposal.

On 6 July 2022, Kyckr announced that it had entered into a Scheme Implementation Deed with RealWise, under which RealWise would acquire 100% of the Kyckr Shares on issue¹, by way of a scheme of arrangement (which is a commonly used legal procedure in Australia to enable one company to acquire another company) (**Scheme**), subject to the satisfaction of Kyckr Shareholder and Court approvals, and certain other Conditions Precedent.

Full details of the Scheme are set out in this Scheme Booklet.

Scheme overview

If the Scheme is approved and implemented, it is intended that Kyckr Shareholders (other than RealWise and any of its wholly-owned entities) will receive cash consideration of \$0.08 per Kyckr Share (**Scheme Consideration**). The Scheme Consideration of \$0.08 cash per Kyckr Share implies an equity value of approximately \$43.5 million² and represents:

- a 63.3% premium to the closing price of \$0.049 per Kyckr Share on 5 July 2022 (being the last date on which Kyckr Shares traded on the ASX prior to Kyckr announcing it had entered into the Scheme Implementation Deed with RealWise);
- a 53.1% premium to the 1-month volume weighted average price (**VWAP**) up to and including 5 July 2022 of \$0.052 per Kyckr Share;
- a 45.8% premium to the 3-month VWAP up to and including 5 July 2022 of \$0.055 per Kyckr Share;
- a 77.8% premium to the undisturbed price of \$0.045 per Kyckr Share, being the closing share price on 4 April 2022 (the day prior to Mr White's notice of change of substantial interest dated 5 April 2022 reflecting an increase of Mr White's holding in Kyckr to above 20%);

¹ Other than Kyckr Shares held by RealWise and any of its wholly-owned entities. As at the date of this Scheme Booklet, RealWise does not hold any Kyckr Shares. However, it is anticipated that the Kyckr Shares currently held by Mr Richard White will be transferred to RealWise prior to the Scheme Record Date. For further information regarding the proposed acquisition of Mr Richard White's Kyckr Shares by RealWise, please refer to Section 6.6(a).

² Assuming 539,237,277 Kyckr Shares currently on issue and 4,502,922 Kyckr Performance Rights.

- a premium to historical share price, as the Scheme Consideration of \$0.080 cash per Kyckr Share is higher than the Kyckr closing share price at any time in the 12-month period ending 5 July 2022 (the highest price being \$0.070 on 1 November 2021); and
- an implied enterprise value to FY22 revenue multiple of 11.3x³.

Kyckr Directors' recommendation

The Kyckr Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders.⁴ Each Kyckr Director intends to vote all of the Kyckr Shares controlled or held by, or on behalf of, them in favour of the Scheme, subject to the same qualifications.

Independent Expert's opinion

The Kyckr Board has appointed Kroll Australia Pty Ltd as the Independent Expert to assess the merits of the Scheme. The Independent Expert has assessed the Scheme to be fair and reasonable and consequently, concluded that the Scheme is in the best interests of Kyckr Shareholders in the absence of a Superior Proposal.

The Independent Expert has assessed the value of a Kyckr Share on a controlling interest basis to be in the range of \$0.073 and \$0.084. The Scheme Consideration of \$0.08 per Kyckr Share falls within the upper half of this range. A complete copy of the Independent Expert's Report is included as Annexure A to this Scheme Booklet.

Reasons for Kyckr Directors' recommendation

The Kyckr Board has formed its view and makes its recommendation for the following reasons:

- **Independent Expert's conclusion:** The Independent Expert has assessed the Scheme to be fair and reasonable and consequently, concluded that the Scheme is in the best interests of Kyckr Shareholders in the absence of a Superior Proposal.
- **Significant premium:** The Scheme Consideration of \$0.08 cash per Kyckr Share represents a significant premium to the closing price of Kyckr Shares on 5 July 2022 of \$0.049 per Kyckr Share (being the last price prior to the announcement of this Scheme), to the 1-month VWAP up to and including 5 July 2022 of \$0.052 per Kyckr Share, and to the closing price of \$0.045 on 4 April 2022 (the day prior to Mr White's notice of change of substantial interest dated 5 April 2022 reflecting an increase of Mr White's holding in Kyckr to above 20%).
- **Premium to historical share price:** The Scheme Consideration of \$0.08 per Kyckr Share is also higher than the Kyckr closing share price at any time over the 12-month period ending 5 July 2022 (the highest price being \$0.070 on 1 November 2021).

³ Based on Kyckr's FY22 revenue of \$3.84 million and enterprise value of \$43.5 million (calculated as an equity value of \$43.5 million, with no adjustment for net debt/surplus cash). For more information about the treatment of net debt/surplus cash, see section 9.4.2 of the Independent Expert's Report contained in Annexure A.

⁴ You should note, when considering this recommendation, the interests of each Kyckr Director in securities in Kyckr, including Kyckr Options, as set out in Sections 3.5 and 9.2 of this Scheme Booklet. In summary, each of the Kyckr Directors holds Kyckr Options issued to them as part of their remuneration for their services as directors (Messrs Rajarshi Ray and George Venardos each hold 2,111,540 Kyckr Options and Ms Karina Kwan holds 983,797 Kyckr Options). If the Scheme is approved and implemented, these Kyckr Director Options will be cancelled for a cash payment equal to the value of the relevant Kyckr Options. The total consideration payable for the cancellation of these Kyckr Director Options will be approximately \$105,000.

- **Attractive multiple:** The implied valuation metric of 11.3x FY22 revenue to enterprise value⁵ compares favourably to the multiples of comparable precedent transactions, as set out in section 9.3.3 of the Independent Expert's Report contained in Annexure A.
- **Certainty of value:** The Scheme provides Kyckr Shareholders with the opportunity to realise a certain cash value for their Kyckr Shares now, which may not be achieved if the Scheme does not proceed. While Kyckr's revenues and customer base have been growing strongly, Kyckr also continues to incur losses and has negative cashflows as it continues to execute its strategies. Accordingly, there is a potential risk that Kyckr may need to raise further funds before reaching breakeven. A more detailed description of risks and uncertainties is provided in Section 7 of this Scheme Booklet.
- **Limited and customary conditionality:** The Scheme is subject to limited and customary conditions, such as Court approval, Kyckr Shareholder approval, no Prescribed Occurrences and no Material Adverse Change. It is not subject to financing.
- **No Superior Proposal:** Since the announcement of the Scheme, no Superior Proposal has emerged.
- **Share price volatility:** Kyckr's share price will continue to be subject to market volatility and may fall in the short term if the Scheme is not implemented and in the absence of a Superior Proposal.
- **No brokerage:** You will not incur any brokerage charges on the transfer of your Kyckr Shares if the Scheme proceeds.

In forming their unanimous view to recommend the Scheme to Kyckr Shareholders, the Kyckr Board considered the potential disadvantages of the Scheme. In particular:

- **You may disagree with the Kyckr Directors' view:** You may disagree with the Kyckr Directors' unanimous recommendation and the Independent Expert's conclusion.
- **No further participation:** You may prefer to participate in the future financial performance of the Kyckr business or assets.
- **Current risk profile:** You may believe it is in your best interests to maintain your current investment and risk profile.
- **Tax consequences:** The tax consequences of the Scheme for you may not suit your personal financial position.
- **Potential for a Superior Proposal:** You may consider that there is potential for a Superior Proposal to emerge in the foreseeable future.

Section 1 of this Scheme Booklet contains a list of some of the key reasons why you may choose to vote for or against the Scheme. The Kyckr Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and risks.

What should you do?

Your vote is important, and I encourage you to vote on this Scheme by lodging your proxy vote or alternatively, attending the Scheme Meeting scheduled to be held on Wednesday, 19 October 2022 at 6.00pm (AEDT) (in person or online, or by proxy, corporate representative or attorney).

If you are intending to lodge a proxy vote, you will need to either lodge a completed Proxy Form (enclosed with this Scheme Booklet) or lodge your proxy online, so that it is received by the Kyckr Share Registry no later than 6.00pm (AEDT) on Monday, 17 October 2022.

⁵ Refer to footnote 3.

For more information on how to vote, please refer to Section 4 and the Notice of Scheme Meeting attached at Annexure D to this Scheme Booklet.

Further information

You should carefully read this Scheme Booklet (including the Independent Expert's Report) in its entirety before making any decision in relation to the Scheme. If you have any questions, please contact the Kyckr Shareholder Information Line on 1300 370 557 (within Australia) or +61 2 8023 5465 (outside Australia), between 8.30am and 5.30pm (AEDT), Monday to Friday.

If you are in any doubt as to what you should do, please consult your legal, financial, tax or other professional adviser immediately.

On behalf of the Kyckr Board, I would like to take this opportunity to thank you for your support of Kyckr, and I look forward to your participation at the Scheme Meeting.

Yours sincerely

A handwritten signature in black ink that reads "Rajarshi M. Ray". The signature is written in a cursive style with a horizontal line underneath the name.

Rajarshi Ray
Chair
Kyckr Limited

Key dates

Event	Date and Time
First Court Date at which the Court made orders convening the Scheme Meeting.	Monday, 12 September 2022 at 9.15am
Date of this Scheme Booklet	13 September 2022
Last time and date for receipt by the Kyckr Share Registry of Proxy Forms, powers of attorney or appointments of corporate representatives for the Scheme Meeting.	Monday, 17 October 2022 at 6.00pm
Meeting Record Date Time and date for determining eligibility to vote at the Scheme Meeting.	Monday 17 October 2022 at 7.00pm
Scheme Meeting To be held as hybrid meeting at Level 24, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000 and virtually via the online meeting platform at https://web.lumiagm.com/315503051 Further details relating to the Scheme Meeting are set out in the Notice of Scheme Meeting in Annexure D.	Wednesday, 19 October 2022 at 6.00pm
<i>If the Scheme is approved by Kyckr Shareholders at the Scheme Meeting</i>	
Second Court Date for approval of the Scheme.	Tuesday, 25 October 2022 at 9.15am
Effective Date The date on which the Scheme becomes Effective and is binding on Kyckr Shareholders. Lodgement by Kyckr with ASIC of the Court orders approving the Scheme and lodgement of announcement to ASX. Last day of trading in Kyckr Shares on ASX.	Tuesday, 25 October 2022
Suspension of trading of Kyckr Shares on ASX.	Tuesday, 25 October 2022
Scheme Record Date Time and date for determining entitlements to the Scheme Consideration.	Friday, 28 October 2022 at 7.00pm
Implementation Date The date on which the Scheme will be implemented and Scheme Consideration will be paid.	Friday, 4 November 2022

All stated dates and times are references to the date and time in Sydney, New South Wales.

All of the dates and times in the above timetable are indicative only and are subject to change. Kyckr may vary any or all of these dates and times. Any changes will be announced by Kyckr to ASX and notified on Kyckr's website at www.kyckr.com/investors

1. Key considerations relevant to your vote

The Scheme has a number of advantages and disadvantages, some of which may affect Kyckr Shareholders in different ways depending on their individual circumstances. Some of the key advantages and disadvantages are described in this Section 1, a summary of which is set out in Section 1.1. Section 1.4 also sets out some additional considerations that may be relevant to your vote in respect of the Scheme.

This Section should be read in conjunction with the remainder of the Scheme Booklet, including the risk factors set out in Section 7. If, after reading this Scheme Booklet, you are in doubt as to what to do, you should also seek your own professional advice.

1.1 Summary of reasons why you might vote for or against the Scheme

(a) Reasons to vote in favour of the Scheme

- (i) Your Kyckr Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders
- (ii) The Independent Expert has assessed the Scheme to be fair and reasonable and consequently, concluded that the Scheme is in the best interests of Kyckr Shareholders in the absence of a Superior Proposal
- (iii) The Scheme Consideration of \$0.08 cash per Kyckr Share represents a significant premium for your Kyckr Shares
- (iv) The implied valuation metric of 11.3x FY22 revenue to enterprise value⁶, compares favourably to the multiples of comparable precedent transactions as set out in the Independent Expert's Report contained in Annexure A
- (v) The all cash consideration provides Kyckr Shareholders with certainty of value and will avoid ongoing risks and uncertainties associated with Kyckr's business
- (vi) The Scheme has limited and customary conditionality
- (vii) Since the announcement of the Scheme, no Superior Proposal has emerged
- (viii) If the Scheme is not implemented, Kyckr's share price will continue to be subject to market volatility and may fall in the short term in the absence of a Superior Proposal
- (ix) You will not incur any brokerage charges on the transfer of your Kyckr Shares if the Scheme proceeds

These reasons are discussed in more detail in Section 1.2 of this Scheme Booklet.

(b) Reasons why you may choose to vote against the Scheme

- (i) You may disagree with the Kyckr Directors' unanimous recommendation and the Independent Expert's conclusion

⁶ Based on Kyckr's FY22 revenue of \$3.84 million and enterprise value of \$43.5 million (calculated as an equity value of \$43.5 million, with no adjustment for net debt/surplus cash). For more information about the treatment of net debt/surplus cash, see section 9.4.2 of the Independent Expert's Report contained in Annexure A.

- (ii) You may prefer to participate in the future financial performance of the Kyckr business or assets
- (iii) You may believe it is in your best interests to maintain your current investment and risk profile
- (iv) The tax consequences of the Scheme may not be attractive to you
- (v) You may believe that there is potential for a Superior Proposal to emerge in the foreseeable future

These reasons are discussed in more detail in Section 1.3 of this Scheme Booklet.

1.2 Reasons to vote in favour of the Scheme

This Section 1.2 sets out some of the reasons why the Kyckr Directors consider that you should vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders. While the Kyckr Directors acknowledge that there are reasons to vote against the Scheme, they believe that the reasons to vote in favour of the Scheme significantly outweigh the reasons to vote against it.

- (a) **Your Kyckr Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders⁷**

In reaching their recommendation, the Kyckr Directors have assessed the Scheme, having regard to the reasons to vote in favour of the Scheme, or against the Scheme, as set out in this Scheme Booklet.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders, each of the Kyckr Directors intends to vote all Kyckr Shares controlled or held by, or on behalf of, them in favour of the Scheme.

- (b) **The Independent Expert has assessed the Scheme to be fair and reasonable and consequently, concluded that the Scheme is in the best interests of Kyckr Shareholders in the absence of a Superior Proposal**

The Kyckr Board appointed the Independent Expert, Kroll Australia Pty Ltd, to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of Kyckr Shareholders.

The Independent Expert has assessed the Scheme to be fair and reasonable and concluded that the Scheme is in the best interests of Kyckr Shareholders in the absence of a Superior Proposal. The Independent Expert has assessed the value of a Kyckr Share on a controlling interest basis to be in the range of \$0.073 to \$0.084. The Scheme Consideration of \$0.08 per Kyckr Share falls within the upper half of this range.

The reasons for the Independent Expert's conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A of this Scheme Booklet. The Kyckr Board encourages you to read the Independent Expert's Report in its entirety.

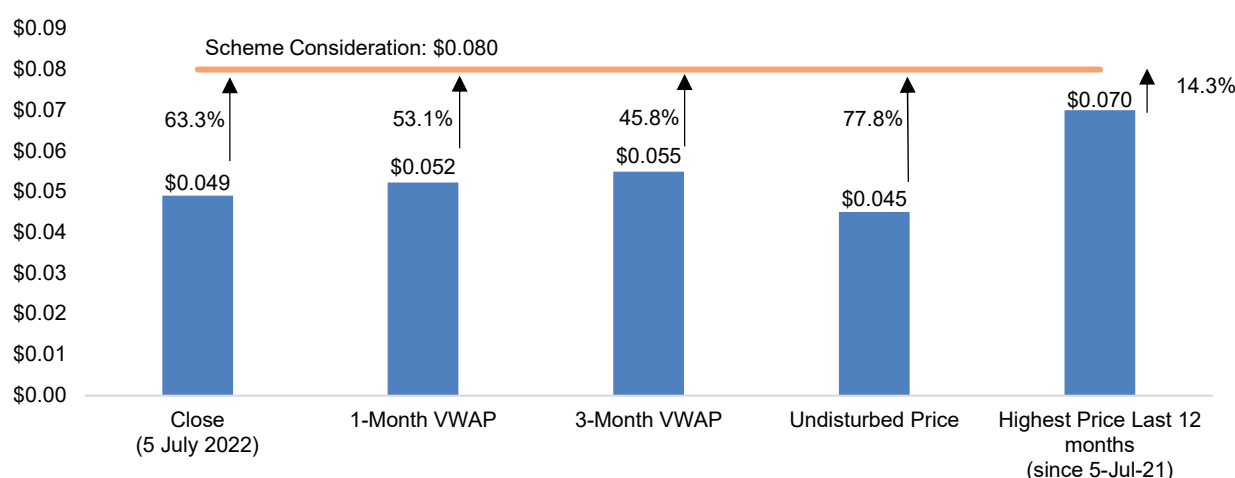
⁷ You should note, when considering this recommendation, the interests of each Kyckr Director in securities in Kyckr, including Kyckr Options, as set out in Sections 3.5 and 9.2 of this Scheme Booklet. See also footnote 4.

As at the date of this Scheme Booklet, the Independent Expert has not notified Kyckr of any change in or qualification to the Independent Expert's conclusion.

(c) **The Scheme Consideration of \$0.08 cash per Kyckr Share represents a significant premium for your Kyckr Shares**

The Scheme Consideration of \$0.08 cash per Kyckr Share represents:

- a premium of 63.3% to the closing price of Kyckr Shares on 5 July 2022 of \$0.049 per Kyckr Share (being the last date on which Kyckr Shares traded on the ASX prior to the Announcement Date);
- a premium of 53.1% to the 1-month volume weighted average price (**VWAP**) of Kyckr Shares up to and including 5 July 2022 of \$0.052 per Kyckr Share;
- a premium of 45.8% to the 3-month VWAP of Kyckr Shares up to and including 5 July 2022 of \$0.055 per Kyckr Share;
- a premium of 77.8% to the undisturbed price of \$0.045 per Kyckr Share, being the closing price on 4 April 2022 (the day prior to Mr White's notice of change of substantial interest dated 5 April 2022 reflecting an increase of Mr White's holding in Kyckr to above 20%); and
- a premium to historical share price, as the Scheme Consideration of \$0.080 cash per Kyckr Share is higher than the Kyckr closing share price at any time in the 12-month period ending 5 July 2022 (the highest price being \$0.070 on 1 November 2021).



Source: VWAP's based on S&P Cap IQ data.

(d) **Attractive multiple**

The implied valuation metric of 11.3x FY22 revenue to enterprise value⁸, compares favourably to the multiples of comparable precedent transactions, as set out in section 9.3.3 of the Independent Expert's Report contained in Annexure A.

⁸ Based on Kyckr's FY22 revenue of \$3.84 million and enterprise value of \$43.5 million (calculated as an equity value of \$43.5 million, with no adjustment for net debt/surplus cash). For more information about the treatment of net debt/surplus cash, see section 9.4.2 of the Independent Expert's Report contained in Annexure A.

(e) **The all cash consideration provides Kyckr Shareholders with certainty of value and will avoid ongoing risks and uncertainties associated with Kyckr's business**

The Scheme Consideration is 100% cash, providing Kyckr Shareholders with certainty of value and the opportunity to sell 100% of their shareholdings in Kyckr for cash, which may not be achieved if the Scheme does not proceed. The certainty of the Scheme Consideration should be compared with the risks and uncertainties associated with remaining a shareholder in Kyckr.

While Kyckr's revenues and customer base have been growing strongly, there is no certainty these growth rates will continue to be achieved. Kyckr also continues to incur losses and has negative cashflow. It is important for shareholders to recognise that growth opportunities have risks associated with them, including investment and implementation risks associated with the significant capital investment required for Kyckr to fund its product and technology platform over the short to medium term to achieve profitable scale in the future. A more detailed description of risks and uncertainties is provided in Section 7 of this Scheme Booklet.

If the Scheme is not implemented, the value Kyckr Shareholders will be able to realise from their investments in Kyckr, through future share price performance and dividends, will be uncertain and subject to these risks.

If the Scheme is implemented, the Scheme will remove these risks and uncertainties for Kyckr Shareholders (other than Mr Richard White and RealWise) for certain cash value as these risks and uncertainties will be assumed by RealWise.

(f) **The Scheme has limited and customary conditionality**

The Scheme is subject to limited and customary conditions including Court approval, Kyckr Shareholder approval, no Prescribed Occurrences and no Material Adverse Change. Further information relating to the Conditions Precedent can be found in Section 9.4(c) of this Scheme Booklet.

(g) **Since the announcement of the Scheme, no Superior Proposal has emerged**

No Superior Proposal has emerged since the announcement of the Scheme and the Kyckr Directors are not aware of any potential Superior Proposal that is likely to emerge.

While Kyckr has many attractive qualities, other potential buyers will also consider (and may be deterred by) its relatively small size, the ongoing losses incurred by the business, its need for further funding to develop its business plan and its ownership structure (with the 22.69% stake held by Mr Richard White as at the Last Practicable Date potentially preventing a competing acquirer from acquiring full control of Kyckr).

The Independent Expert considers the likelihood of a Superior Proposal to be impacted by the significant premium offered under the Scheme and Mr White's substantial shareholding – refer to section 3.4.5 of the Independent Expert's Report for more details.

(h) **Share price volatility**

Kyckr's share price will continue to be subject to market volatility and the Kyckr Directors are of the opinion that the price of a Kyckr Share on the ASX may fall in the short term if the Scheme is not implemented and in the absence of a Superior Proposal.

(i) **No brokerage**

You will not incur any brokerage charges on the transfer of your Kyckr Shares if the Scheme proceeds.

1.3 **Reasons why you may choose to vote against the Scheme**

The Kyckr Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders. However, there may be reasons which lead you to consider voting against the Scheme, including those set out below.

(a) **You may disagree with the Kyckr Directors' unanimous recommendation and the Independent Expert's conclusion**

Despite the unanimous recommendation of the Kyckr Directors to vote in favour of the Scheme and the Independent Expert's conclusion that the Scheme is in the best interests of Kyckr Shareholders, you may believe that the Scheme is not in the best interests of Kyckr Shareholders or not in your own individual best interests.

(b) **You may prefer to participate in the future financial performance of the Kyckr business or assets**

If the Scheme is implemented, you will no longer be a Kyckr Shareholder and will forgo any benefits that may result from being a Kyckr Shareholder.

This will mean that you will not participate in the future performance of Kyckr, retain any exposure to Kyckr's business or assets, or have the potential to share in the value that could be generated by Kyckr in the future.

There is no certainty that Kyckr will be able to generate greater value in the future and there is a potential risk that further investment may be required prior to Kyckr reaching breakeven. Refer to Section 7 of this Scheme Booklet for more information about the material risks relating to Kyckr.

(c) **You may believe it is in your best interests to maintain your current investment and risk profile**

You may prefer to keep your Kyckr Shares to preserve your investment in a listed company with the specific characteristics of Kyckr. In particular, you may consider that, despite the risk factors relevant to Kyckr's potential future operations (including those set out in Section 7 of this Scheme Booklet), Kyckr may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Kyckr or may incur transaction costs in undertaking any new investment.

(d) **The tax consequences of the Scheme may not be attractive to you**

The tax consequences of the Scheme will depend on your personal situation. You may consider that the tax consequences of transferring your Kyckr Shares to RealWise pursuant to the Scheme are not suitable to you.

A general guide to the taxation implications of the Scheme is set out in Section 8 of this Scheme Booklet. However, the information in Section 8 is expressed in

general terms only, and Kyckr Shareholders are advised to seek independent tax advice about their own circumstances.

(e) **You may believe that there is potential for a Superior Proposal to emerge in the foreseeable future**

You may consider that a Superior Proposal could emerge in the foreseeable future.

However, it must be noted that Mr Richard White (who wholly owns RealWise) already owns 22.69% of the issued capital in Kyckr (as at the Last Practicable Date) and the Kyckr Directors are, as at the date of this Scheme Booklet, not aware of, and have not received, any Superior Proposal.

1.4 **Additional considerations relating to the Scheme**

You should also take into the following additional considerations in deciding how to vote on the Scheme.

(a) **You may sell your Kyckr Shares on ASX at any time prior to the suspension of Kyckr Shares from trading**

If you do not wish to hold your Kyckr Shares and participate in the Scheme, you may offer to sell your Kyckr Shares on market at any time before the close of trading on ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration).

If the Scheme becomes Effective, Kyckr intends to apply to ASX for Kyckr Shares to be suspended from trading on the ASX from close of trading on the Effective Date. You will not be able to sell your Kyckr Shares on market after this date.

You may however seek to sell your Kyckr Shares off-market after the Effective Date but before the Scheme Record Date.

If you sell your Kyckr Shares before the Scheme Record Date, you:

- may receive the proceeds from the sale of your Kyckr Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration);
- will incur brokerage costs if you sell your Kyckr Shares on market; and
- will not be able to participate in the Scheme or a Superior Proposal, if one emerges after the date on which you sell your Kyckr Shares.

(b) **The Scheme may be implemented even if you vote against the Scheme or do not vote at all**

You should note that even if you do not vote or vote against the Scheme, the Scheme may still be implemented if the Requisite Majorities of Kyckr Shareholders and the Court approve the Scheme and the other Conditions Precedent have been satisfied or waived (as applicable). If this occurs, your Kyckr Shares will be transferred to RealWise and you will receive the Scheme Consideration.

(c) **Implications if the Scheme does not become Effective**

If the Scheme is not approved by the Requisite Majorities of Kyckr Shareholders at the Scheme Meeting, or by the Court at the Second Court Hearing, or any of the other Conditions Precedent are not satisfied or waived:

- RealWise will not acquire the Scheme Shares and the Scheme Shareholders will not receive the Scheme Consideration;
- Kyckr Shareholders will continue to hold Kyckr Shares and will be exposed to general risks as well as risks specific to Kyckr, including those set out in Section 7 of this Scheme Booklet;
- Kyckr will continue as a standalone company listed on the ASX. The Kyckr Directors intend to continue to operate the business in the ordinary course and explore other opportunities that may arise from time to time. While Kyckr's revenues and customer base have been growing strongly, Kyckr continues to incur losses and negative cashflows as it continues to execute its strategies. Accordingly, Kyckr may need to raise further funds before reaching breakeven;
- a Kyckr Break Fee of \$400,000 may be payable by Kyckr to RealWise under certain circumstances. The Kyckr Break Fee will not be payable solely because Kyckr Shareholders fail to approve the Scheme at the Scheme Meeting. Further information on the Kyckr Break Fee is set out in Section 9.4 of this Scheme Booklet;
- a RealWise Break Fee of \$400,000 may be payable by RealWise to Kyckr under certain circumstances. Further information on the RealWise Break Fee is set out in Section 9.4 of this Scheme Booklet; and
- the Kyckr Directors are of the opinion that the price of a Kyckr Share on the ASX may fall in the short term, in the absence of a Superior Proposal.

2. Frequently asked questions

The following tables provide brief answers to questions you may have in relation to your shareholding in Kyckr and the Scheme. It is not intended to address all relevant issues for Kyckr Shareholders. This section should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
Overview of the Scheme		
Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are a Kyckr Shareholder. Kyckr Shareholders are being asked to consider and vote on the Scheme which, if approved, will result in RealWise acquiring all Kyckr Shares which it does not already own for the Scheme Consideration of \$0.08 cash per Kyckr Share.</p> <p>This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme at the Scheme Meeting.</p>	Section 3 contains an overview of the Scheme and a copy of the Scheme is contained in Annexure B
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Kyckr and the Scheme Shareholders.</p> <p>A “scheme of arrangement” is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company. It requires a vote in favour of the Scheme by the Requisite Majorities of Kyckr Shareholders, as well as approval of the Court.</p> <p>If the Scheme becomes Effective, RealWise will acquire all of the Scheme Shares for \$0.08 cash per Kyckr Share (being the Scheme Consideration). Kyckr will be delisted from the ASX and become a wholly-owned subsidiary of RealWise.</p>	Section 3 contains an overview of the Scheme and a copy of the Scheme is contained in Annexure B
Who is RealWise?	<p>RealWise is an Australian company incorporated for the purpose of acquiring Kyckr. RealWise is wholly-owned by Mr Richard White.</p> <p>RealWise is the company that is offering the Scheme Consideration for your Kyckr Shares.</p>	Section 6
Who is Mr Richard White?	<p>Mr Richard White is Chief Executive Officer and Executive Director of WiseTech Global Limited (WiseTech), a leading provider of software solutions to the global logistics industry. Mr Richard White has led WiseTech since 1994 and helped grow the business to its current market capitalisation of approximately \$19.26 billion as at the Last Practicable Date. Mr Richard White’s Relevant Interest in WiseTech shares as at the Last Practicable Date is approximately 40.93%.</p> <p>As at the Last Practicable Date, Mr White has Voting Power in 122,346,906 Kyckr Shares, which represents 22.69% of Kyckr’s issued shares.</p>	Section 6

Question	Answer	More information
What is RealWise's intentions for Kyckr?	RealWise's present intentions in relation to Kyckr are set out in Section 6.5 of this Scheme Booklet.	Section 6.5
Does RealWise own any Kyckr Shares?	<p>As at the date of this Scheme Booklet, RealWise itself is not the registered holder of, nor does it have the power to control voting rights attached to, or the power to dispose of, any Kyckr Shares.</p> <p>However, pursuant to the Corporations Act, RealWise has, as at the Last Practicable Date, Voting Power in 122,346,906 Kyckr Shares (which represents 22.69% of Kyckr's issued shares) because Mr Richard White has a Relevant Interest in those Kyckr Shares as at the Last Practicable Date.</p> <p>It is anticipated that, upon the Scheme becoming Effective but before the Scheme Record Date, RealWise will acquire the 122,346,906 Kyckr Shares currently held by Mr Richard White in consideration for the issue of additional shares in RealWise to Mr Richard White.</p>	Section 6
What do the Kyckr Directors recommend and how do they intend to vote?	<p>The Kyckr Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders.⁹</p> <p>The reasons for the Kyckr Directors' recommendation and other relevant considerations are set out in Section 1.</p> <p>Each Kyckr Director intends to vote the Kyckr Shares held or controlled by him or her at the time of the Scheme Meeting in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders.</p>	Section 1.1(a) provides a summary of some of the reasons why the Kyckr Board considers that Kyckr Shareholders should vote in favour of the Scheme.
What is the opinion of the Independent Expert?	<p>The Independent Expert, Kroll Australia Pty Ltd, has assessed the Scheme to be fair and reasonable and consequently, concluded that the Scheme is in the best interests of Kyckr Shareholders in the absence of a Superior Proposal.</p> <p>A copy of the Independent Expert's Report is contained in Annexure A.</p>	Independent Expert's Report attached at Annexure A
What choices do I have as a Kyckr Shareholder?	<p>You may:</p> <ul style="list-style-type: none"> • vote for or against the Scheme Resolution to approve the Scheme; • sell your Kyckr Shares on-market before the Effective Date or off-market before the Scheme Record Date; or 	N/A

⁹ You should note when considering this recommendation the interests of each Kyckr Director in securities in Kyckr, including Kyckr Options, as set out in Sections 3.5 and 9.2 of this Scheme Booklet. See also footnote 4.

Question	Answer	More information
	<ul style="list-style-type: none"> abstain or do nothing, in which case: <ul style="list-style-type: none"> if the Scheme becomes Effective, your Kyckr Shares will be transferred to RealWise and you will receive the Scheme Consideration for all of your Kyckr Shares held on the Scheme Record Date; and if the Scheme does not become Effective, you will continue to hold your Kyckr Shares. <p>If all Conditions Precedent for the Scheme are satisfied or waived (if capable of waiver) and the Scheme becomes Effective, the Scheme will bind all Kyckr Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting and those who do not vote at all.</p>	
Can I sell my Kyckr Shares now?	<p>Yes, you can sell your Kyckr Shares on market at any time before the close of trading on ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration).</p> <p>If the Scheme becomes Effective, Kyckr intends to apply to ASX for Kyckr Shares to be suspended from trading on the ASX from close of trading on the Effective Date. You will not be able to sell your Kyckr Shares on market after this date.</p> <p>You may however seek to sell your Kyckr Shares off-market after the Effective Date but before the Scheme Record Date.</p> <p>If you sell your Kyckr Shares before the Scheme Record Date, you:</p> <ul style="list-style-type: none"> may receive the proceeds from the sale of your Kyckr Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration); will incur brokerage costs if you sell your Kyckr Shares on market; and will not be able to participate in the Scheme or a Superior Proposal, if one emerges after the date on which you sell your Kyckr Shares. 	Section 1.4(a)
What should I do?	<p>You should read this Scheme Booklet carefully in its entirety and then vote by attending the Scheme Meeting either virtually or in person, or by appointing a proxy, corporate representative to attend the Scheme Meeting on your behalf. If, after reading this Scheme Booklet, you are in doubt as to what they should do, you should consult your broker or legal, financial, taxation or other professional adviser immediately.</p>	N/A

Question	Answer	More information
Will I receive any other information prior to the Scheme Meeting?	<p>As a company listed on the ASX and a disclosing entity under the Corporations Act, Kyckr is subject to regular reporting and disclosure obligations under the ASX Listing Rules and the Corporations Act. Kyckr will continue to provide information to Kyckr Shareholders in accordance with these obligations.</p> <p>It is anticipated that Kyckr will release its quarterly report for the quarter ending September 2022 prior to the Scheme Meeting date. When released, this and any other announcements concerning developments at Kyckr will be available on ASX's website at www.asx.com.au.</p>	Section 5.12
The Scheme Consideration		
What payment will I receive if the Scheme is implemented?	<p>If the Scheme becomes Effective and is implemented, Scheme Shareholders will receive the Scheme Consideration of \$0.08 cash per Kyckr Share.</p> <p>The Scheme Consideration implies an equity value of Kyckr of approximately \$43.5 million, which is calculated based on 539,237,277 Kyckr Shares currently on issue plus 4,502,922 Kyckr Performance Rights (which will be converted into Kyckr Shares and be acquired by RealWise under the Scheme – refer to Section 3.5(b) for more information).</p>	Section 3.2
What premium is being offered to Kyckr Shareholders?	<p>The Scheme Consideration of \$0.08 cash per Kyckr Share represents:</p> <ul style="list-style-type: none"> • a premium of 63.3% to the closing price of Kyckr Shares on 5 July 2022 of \$0.049 per Kyckr Share (being the last date on which Kyckr Shares traded on the ASX prior to the Announcement Date); • a premium of 53.1% to the 1-month volume weighted average price (VWAP) of Kyckr Shares up to and including 5 July 2022 of \$0.052 per Kyckr Share; • a premium of 45.8% to the 3-month VWAP of Kyckr Shares up to and including 5 July 2022 of \$0.055 per Kyckr Share; • a premium of 77.8% to the undisturbed share price of \$0.045 per Kyckr Share, being the closing price on 4 April 2022 (the day prior to Mr White's notice of change of substantial interest dated 5 April 2022 reflecting an increase of Mr White's holding in Kyckr to above 20%); and • a premium to historical share price, as the Scheme Consideration of \$0.080 cash per Kyckr Share is higher than the Kyckr closing share price at any time in the 12-month period ending 5 July 2022 (the highest price being \$0.070 on 1 November 2021). 	Section 1.2(c)

Question	Answer	More information
When and how will I receive my Scheme Consideration?	<p>If the Scheme becomes Effective, Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date (currently expected to be Friday, 4 November 2022).</p> <p>All payments will be made by electronic means to your nominated bank account, as advised to the Kyckr Share Registry (or to Kyckr via an appropriate authority). If you have not nominated a bank account, payment will be made by Australian dollar cheque sent by post to your address as shown in the Kyckr Share Register as at the Scheme Record Date.</p> <p>You can nominate a bank account or update your bank account details on the website of the Kyckr Share Registry at www.investorserve.com.au.</p>	Section 3.6(g)
What are the tax implications of the Scheme?	<p>The tax implications of the Scheme will depend on your particular circumstances.</p> <p>Section 8 provides a general description of the Australian tax implications for Scheme Shareholders.</p> <p>You should seek your own professional taxation advice with respect to your particular circumstances.</p>	Section 8
How is RealWise funding the Scheme Consideration?	<p>RealWise has received a legally binding commitment letter from RealWise Holdings Pty Limited (RealWise Holdings), another entity controlled by Mr Richard White, pursuant to which RealWise Holdings has committed to provide \$43.5 million to Kyckr for the purpose of funding the aggregate Scheme Consideration (as well as other costs and expenses incurred by RealWise in connection with the Scheme).</p> <p>RealWise Holdings has uncommitted cash reserves sufficient to fund the above commitment.</p> <p>On the basis of the funding arrangement described above and in Section 6.4, RealWise is of the view that it will be able to satisfy its obligations to provide the Scheme Consideration under the terms of the Scheme.</p>	Section 6.4
Scheme Meeting, voting details and voting considerations		
When and where will the Scheme Meeting be held?	<p>The Scheme Meeting is scheduled to be held:</p> <ul style="list-style-type: none"> in person at Level 24, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000; and virtually via the online meeting platform at https://web.lumiagm.com/315503051 <p>at 6.00pm (AEDT) on Wednesday, 19 October 2022.</p> <p>In light of the continuing health risks arising from the COVID-19 pandemic, Kyckr Shareholders wishing to attend the Scheme Meeting are encouraged to attend virtually via the online platform set out above. See the Notice of Scheme Meeting in Annexure D to the Scheme Booklet for</p>	The Notice of Scheme Meeting attached at Annexure D

Question	Answer	More information
	further details relating to the conduct of the Scheme Meeting.	
What am I being asked to vote on?	<p>You are being asked to vote on whether or not to approve the Scheme by voting on the Scheme Resolution.</p> <p>The text of the Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure D to this Scheme Booklet.</p>	The Notice of Scheme Meeting attached at Annexure D
What vote is required to approve the Scheme Meeting?	<p>The Scheme needs to be approved by the Requisite Majorities of Kyckr Shareholders, which is:</p> <ul style="list-style-type: none"> at least 75% of the votes cast on the Scheme Resolution by Kyckr Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, corporate representative or attorney); and unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Kyckr Shareholders present and voting on the Scheme Resolution at the Scheme Meeting (either in person or virtually, or by proxy, corporate representative or attorney). <p>Please note Mr Richard White, who is the sole shareholder of RealWise and holds, as at the Last Practicable Date, approximately 22.69% of Kyckr Shares, intends to abstain from voting at the Scheme Meeting in respect of those Kyckr Shares. Please refer to the question “Will RealWise or Mr Richard White vote at the Scheme Meeting?” below.</p> <p>Even if the Scheme is approved by the Requisite Majorities of Kyckr Shareholders at the Scheme Meeting, the Scheme is still subject to the approval of the Court.</p>	Section 3.6(b)
Will RealWise or Mr Richard White vote at the Scheme Meeting?	<p>RealWise does not currently hold any Kyckr Shares.¹⁰ Mr Richard White holds approximately 22.69% of Kyckr Shares as at the Last Practicable Date.</p> <p>Mr Richard White intends to abstain from voting at the Scheme Meeting in respect of those Kyckr Shares.</p> <p>Additionally, Mr Richard White intends to transfer all of his Kyckr Shares to RealWise for additional shares in RealWise, after the Scheme becomes Effective but before the Scheme Record Date. If completed, these Kyckr Shares will be held by RealWise as an “Excluded Shareholder” (as defined in Section 10) and will not participate in the Scheme.</p>	Section 6.2(c)
Am I entitled to vote at the Scheme Meeting?	Each Kyckr Shareholder who is registered on the Kyckr Share Register as at the Meeting Record Date (being 7.00pm (AEDT) on Monday, 17 October 2022) is entitled to vote at the Scheme Meeting.	Section 4.3

¹⁰ Mr Richard White intends to transfer all of his Kyckr Shares to RealWise for additional shares in RealWise, after the Scheme becomes Effective (which will be after the Meeting Record Date) but before the Scheme Record Date. For more information, see Section 6.6(a).

Question	Answer	More information
How do I vote?	<p>You can vote on the Scheme Resolution:</p> <ul style="list-style-type: none"> • by attending the Scheme Meeting in person at Level 24, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000; • online, by attending the Scheme Meeting virtually via the online meeting platform by entering the following URL https://web.lumiagm.com/315503051 into a web browser on your computer, tablet or smartphone, and following the instructions; or • by appointing a proxy (by completing and returning the Proxy Form or lodging your proxy online by 6.00pm (AEDT) on 17 October 2022) or an attorney to participate on your behalf. You may also vote by corporate representative if that option is available to you. 	Section 4.4 and the Notice of Scheme Meeting attached at Annexure D
What should I do if I cannot attend the Scheme Meeting?	<p>Kyckr encourages Kyckr Shareholders to consider lodging a directed proxy if they are not able to attend the Scheme Meeting.</p> <p>Even if you are intending to attend the Scheme Meeting, you should consider lodging a proxy in the event you are unable to participate in the Scheme Meeting due to technical issues or for any other reason.</p>	Section 4.4 and the Notice of Scheme Meeting attached at Annexure D
What does the Chair intend to do with undirected proxies held by him?	The Chair of the Scheme Meeting intends to vote all available undirected proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders.	The Notice of Scheme Meeting attached at Annexure D
Why should I consider voting in favour of the Scheme?	Section 1.2 sets out some of the reasons why the Kyckr Directors consider that you should vote in favour of the Scheme.	Section 1.2
Why might I consider voting against the Scheme?	Section 1.3 sets out some of the reasons which may lead you to consider voting against the Scheme.	Section 1.3
What happens if I do not vote, or vote against the Scheme, and the Scheme becomes Effective?	<p>If the Scheme becomes Effective and you are a Scheme Shareholder as at the Scheme Record Date, your Kyckr Shares will be transferred pursuant to the Scheme and you will be entitled to receive the Scheme Consideration for your Kyckr Shares.</p> <p>This is even if you did not vote, or voted against the Scheme.</p>	Sections 1.4 and 3

Question	Answer	More information
When will the results of the Scheme Meeting be available?	The results of the Scheme Meeting are expected to be available shortly after the conclusion of the Scheme Meeting (typically within 24 hours) and will be announced to the ASX once available.	N/A
What happens if the Scheme is not approved?	If the Scheme is not approved by Kyckr Shareholders and the Court and does not become Effective, you will remain a Kyckr Shareholder. In addition, Kyckr will continue as a company listed on the ASX.	Section 1.4
Conditions and implementation of the Scheme		
What are the conditions to the Scheme?	<p>The Scheme will not be Effective unless all of the Conditions Precedent to the Scheme are satisfied or (if permitted) waived in accordance with the Scheme Implementation Deed. These Conditions Precedent are summarised in Section 9.4 and set out in full in clause 3.1 of the Scheme Implementation Deed.</p> <p>As at the date of this Scheme Booklet, the Kyckr Board is not aware of any circumstances that have occurred which are likely to cause any of the Conditions Precedent not to be satisfied or to become incapable of satisfaction.</p>	Section 9.4
When will the Scheme become Effective?	<p>The Scheme will become Effective if:</p> <ul style="list-style-type: none"> the Scheme is approved by the Requisite Majorities of Kyckr Shareholders at the Scheme Meeting; the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act; and all other Conditions Precedent are satisfied or (if permitted) waived. 	Sections 3.6(b) and 9.4
What happens on the Implementation Date?	If the Scheme becomes Effective, it will be implemented on the Implementation Date. On that date, the Scheme Consideration will be paid to Scheme Shareholders and all Kyckr Shares (other than those held by RealWise) will be transferred to RealWise.	Sections 3.6(g) and 3.6(h)
What happens to the current Kyckr Directors if the Scheme is implemented?	If the Scheme is implemented, the current Kyckr Directors will resign at the request of RealWise and the Kyckr Board will be reconstituted in accordance with the instructions of RealWise.	Section 6.5(c)
What happens if the Scheme is not implemented?	<p>If the Scheme does not proceed:</p> <ul style="list-style-type: none"> RealWise will not acquire the Scheme Shares and the Scheme Shareholders will not receive the Scheme Consideration; Kyckr Shareholders will continue to hold their Kyckr Shares and continue to share the benefits and be exposed to the general risks as well as risks specific to Kyckr, including those set out in Section 7 of this 	Sections 1.4(c) and 5.11

Question	Answer	More information
	<p>Scheme Booklet;</p> <ul style="list-style-type: none"> Kyckr will continue as a standalone company listed on the ASX. The Kyckr Directors intend to continue to operate the business in the ordinary course and explore other opportunities that may arise from time to time; and if no Superior Proposal emerges, the price of a Kyckr Share on the ASX may fall in the short term. 	
Is the Kyckr Board aware of any Superior Proposal?	<p>As at the date of this Scheme Booklet, the Kyckr Board is not aware of any Superior Proposal.</p> <p>While Kyckr has many attractive qualities, other potential buyers will also consider (and may be deterred by) its relatively small size, the ongoing losses incurred by the business, its need for further funding to develop its business plan and its ownership structure (with the 22.69% stake held by Mr Richard White as at the Last Practicable Date potentially preventing a competing acquirer from acquiring full control of Kyckr).</p> <p>The Independent Expert considers the likelihood of a Superior Proposal to be impacted by the significant premium offered under the Scheme and Mr White's substantial shareholding – refer to section 3.4.5 of the Independent Expert's Report for more details.</p>	Section 1.2(g)
What happens if a Competing Proposal emerges?	<p>No Competing Proposal has emerged as at the date of this Scheme Booklet. However, if a Competing Proposal is received, the Kyckr Board will carefully consider it to determine whether it is a Superior Proposal.</p> <p>Kyckr must notify RealWise of the Competing Proposal, and in some circumstances, RealWise has a right to match the Competing Proposal, in accordance with the Scheme Implementation Deed.</p> <p>Kyckr Shareholders should note that Kyckr has agreed to certain exclusivity and break fee provisions in favour of RealWise under the Scheme Implementation Deed.</p>	Sections 9.4(g) and 9.4(h)
Under what circumstances can either party terminate the Scheme Implementation Deed?	<p>Either Kyckr or RealWise may terminate the Scheme Implementation Deed in certain circumstances, including if:</p> <ul style="list-style-type: none"> the other party is in material breach of its obligations under the Scheme Implementation Deed, and that party has failed to remedy the breach within 15 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) from the time notice of breach was given; a Condition Precedent is not or is incapable of being satisfied, and following consultation between the parties, the Condition Precedent is not waived; Kyckr Shareholders do not approve the Scheme by the Requisite Majorities; or 	Section 9.4(j)

Question	Answer	More information
	<ul style="list-style-type: none"> the Scheme has not occurred by the End Date. <p>If the Scheme Implementation Deed is terminated, the Transaction will not go ahead, and the Scheme will not be implemented.</p>	
Under what circumstances will the Kyckr Break Fee be payable?	<p>Kyckr will be required to pay RealWise the Kyckr Break Fee (which is \$400,000) in certain circumstances, including if:</p> <ul style="list-style-type: none"> at any time before the End Date (or if earlier, the date of termination of the Scheme Implementation Deed), the Kyckr Board withdraws or adversely modifies its recommendation that Kyckr Shareholders vote in favour of the Scheme, except in certain circumstances, including if the withdrawal or adverse modification is as a result of the Independent Expert opining that the Scheme is not in the best interests of Scheme Shareholder (other than where the reason for that opinion is a Competing Proposal); a Competing Proposal is announced before the End Date (or if earlier, the date of termination of the Scheme Implementation Deed) and the Competing Proposal completes within 9 months; or RealWise terminates the Scheme Implementation Deed following a material breach by Kyckr (including of Kyckr's representations and warranties), and the Scheme does not become Effective. 	Section 9.4(h)
Under what circumstances will the RealWise Break Fee be payable?	<p>RealWise will be required to pay Kyckr the RealWise Break Fee (which is \$400,000) if Kyckr terminates the Scheme Implementation Deed following a material breach by RealWise (including of RealWise's representations and warranties), and the Scheme does not become Effective.</p>	Section 9.4(i)
Further information		
Will I have to pay brokerage?	No, you will not have to pay brokerage if your Kyckr Shares are acquired under the Scheme.	N/A
Where can I get further information?	For further information, you can call the Kyckr Shareholder Information Line on 1300 370 557 (within Australia) or +61 2 8023 5465 (outside Australia) between 8.30am and 5.30pm (AEDT), Monday to Friday.	N/A
What should I do if I am contacted by other Kyckr Shareholders?	<p>All Kyckr Shareholders should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme.</p> <p>If Kyckr Shareholders have any questions, they can call the Kyckr Shareholder Information Line referred to above.</p> <p>If any Kyckr Shareholder is in doubt as to what they should do or how to deal with this document, they should consult their broker or legal, financial, taxation or other professional adviser immediately.</p>	N/A

3. Overview of the Scheme

3.1 Background to the Scheme

On 6 July 2022, Kyckr entered into a Scheme Implementation Deed with RealWise, under which it is proposed that RealWise will acquire all of the Scheme Shares on issue by way of the Scheme, at \$0.08 cash per Kyckr Share and subject to Kyckr Shareholder and Court approval, and the satisfaction or waiver of a number of other Conditions Precedent.

A full copy of the Scheme Implementation Deed is attached to Kyckr's announcement to the ASX relating to the Scheme on 6 July 2022, which can be obtained from ASX's website at www.asx.com.au and Kyckr's website at www.kyckr.com/investors. A summary of the key terms of the Scheme Implementation Deed is set out in Section 9.4 of this Scheme Booklet.

Having carefully considered RealWise's proposal in respect of the Scheme, the Kyckr Directors unanimously recommend that Kyckr Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders. Subject to the same qualifications, each of the Kyckr Directors intends to vote the Kyckr Shares controlled, or held by or on behalf of, them in favour of the Scheme.

The interests of the Kyckr Directors are disclosed in Sections 3.5 and 9 of this Scheme Booklet. Kyckr Shareholders should have regard to these interests when considering how to vote on the Scheme.

3.2 What you will receive

If the Scheme becomes Effective, each Scheme Shareholder will be entitled to receive the Scheme Consideration of \$0.08 cash per Kyckr Share for each Kyckr Share held by them on the Scheme Record Date.

The Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date (currently expected to be Friday, 4 November 2022). Scheme Shareholders who have validly registered their bank account details with the Kyckr Share Registry will have their Scheme Consideration sent directly to their bank account. Otherwise, Scheme Shareholders will have their Scheme Consideration sent by cheque to their address shown on the Kyckr Share Register.

It is important to note that you will only receive the Scheme Consideration if you are a Scheme Shareholder. You will be a Scheme Shareholder if you hold Kyckr Shares at the Scheme Record Date (currently expected to be 7.00pm (AEDT) on Friday, 28 October 2022) or such other time and date as Kyckr and RealWise agree in writing).

3.3 Independent Expert's conclusion

The Independent Expert has assessed the Scheme to be fair and reasonable and consequently, concluded that the Scheme is in the best interests of Kyckr Shareholders in the absence of a Superior Proposal.

A complete copy of the Independent Expert's Report can be found at Annexure A to this Scheme Booklet. You are encouraged to read it in full.

3.4 Key conditions to the Scheme

The Scheme will not become Effective and you will not receive the Scheme Consideration unless all of the Conditions Precedent to the Scheme are satisfied or (if permitted) waived in accordance with the Scheme Implementation Deed.

The Conditions Precedent to the Scheme, including the status of the Conditions Precedent, are summarised in Section 9.4 of this Scheme Booklet.

3.5 Kyckr Performance Rights and Options

(a) Overview

Kyckr operates a Long Term Incentive Plan (**LTIP**) under which Kyckr Performance Shares and Kyckr Options are offered to senior executives as an incentive to align their interests with those of Kyckr Shareholders. As at the Last Practicable Date, Kyckr has the following equity incentives on issue that have been granted under the LTIP:

- 4,502,922¹¹ Kyckr Performance Rights; and
- 9,000,000 Kyckr Options (**Kyckr LTIP Options**).

Further, Kyckr currently has on issue 5,486,827 Kyckr Options issued to current and former directors of Kyckr (**Kyckr Director Options**) as part of their remuneration for their services as directors. The grants of the Kyckr Director Options were approved by Kyckr Shareholders at Kyckr's 2019 and 2021 Annual General Meetings (as applicable).

It is a Condition Precedent to the Scheme becoming Effective that before 8.00am on the Second Court Date, arrangements in accordance with the Scheme Implementation Deed have been put in place in relation to the Kyckr Performance Rights and Kyckr Options such that no Kyckr Performance Rights or Kyckr Options (or other securities in Kyckr other than Kyckr Shares) are in existence on the Scheme Record Date.

(b) Kyckr Performance Rights

Under clause 4.4 of the Scheme Implementation Deed, Kyckr must take such action as is necessary after the Effective Date and prior to the Scheme Record Date to ensure that any Kyckr Performance Rights which have not already vested, lapsed or been cancelled, do vest, lapse or are cancelled prior to the Scheme Record Date, which action may include the Kyckr Board accelerating the vesting and/or exercise period such that all Kyckr Performance Rights convert or are exercised prior to the Scheme Record Date, and Kyckr issuing the relevant number of Kyckr Shares on such vesting and exercise so that the relevant holders of the Kyckr Performance Rights can participate in the Scheme.

Accordingly, the Kyckr Board has determined pursuant to the LTIP Rules that all of the Kyckr Performance Rights that are on issue as at the Effective Date will vest and convert into Kyckr Shares before the Scheme Record Date, subject to and with effect on and from the Scheme becoming Effective. Each holder of Kyckr Performance Rights will receive one Kyckr Share for each Kyckr Performance Right held and will be able to participate in the Scheme in respect of these Kyckr Shares. It is anticipated that the issue of the Kyckr Shares on conversion of the Kyckr Performance Rights will take place on the Effective Date.

(c) Kyckr Options

Under clause 4.5 of the Scheme Implementation Deed, Kyckr is required to use all reasonable endeavours to obtain the written agreement of each holder of Kyckr Options to have their options cancelled with effect from the Effective Date, on terms agreed with RealWise.

Accordingly, the Kyckr Board has determined that (and as agreed with RealWise) all of the Kyckr Options on issue (being the Kyckr LTIP Options and Kyckr Director Options) will be cancelled subject to and with effect on and from the Scheme becoming Effective, for a cash payment equal to the value of the relevant Kyckr Options determined using the Black-

¹¹ This number may change if any of the existing Kyckr Performance Rights lapse or are cancelled in accordance with their terms of issue before they vest.

Scholes option pricing model¹². Kyckr has entered into an option cancellation deed with each of the holders of Kyckr Options to give effect to such cancellation.

The aggregate cash payment for the cancellation of all of the Kyckr Options (being the Kyckr LTIP Options and the Kyckr Director Options) will be approximately \$150,000 (which will be funded from Kyckr's internal cash reserves). This payment will only be made if the Scheme becomes Effective.

ASX has granted Kyckr a waiver of Listing Rule 6.23.2 to the extent necessary to permit the treatment of the Kyckr Options in the manner described above.

3.6 **Key steps to implement the Scheme**

(a) **Deed Poll**

As at the date of this Scheme Booklet, a Deed Poll has been entered into by RealWise in favour of the Scheme Shareholders, to:

- provide the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme, subject to the Scheme becoming Effective; and
- undertake all other actions attributed to RealWise under the Scheme.

A copy of the Deed Poll is contained in Annexure C to this Scheme Booklet.

(b) **Scheme approval requirements**

The Scheme will only become Effective and be implemented if:

- it is approved by the Requisite Majorities of Kyckr Shareholders at the Scheme Meeting;
- it is approved by the Court on the Second Court Date; and
- the other Conditions Precedent to the Scheme (which are summarised in Section 9.4(c) of this Scheme Booklet) are satisfied or waived (as applicable) prior to the implementation of the Scheme.

Scheme Shareholders are asked (but not required) to vote on the Scheme Resolution at the Scheme Meeting.

The Requisite Majorities for the Scheme Resolution, which are prescribed by section 411(4)(a)(ii) of the Corporations Act, are:

- at least 75% of the votes cast on the Scheme Resolution by Kyckr Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, corporate representative or attorney); and
- a majority in number (i.e. more than 50%) of Kyckr Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, corporate representative or attorney).

The Court has the power to waive the second requirement.

¹² The inputs used in this calculation were: exercise price of the relevant Kyckr Option; a Kyckr Share price of \$0.053 (being the closing price of a Kyckr Share on the date of RealWise's initial non-binding indicative offer on 10 June 2022); the time to maturity for the relevant Kyckr Option; an annual risk-free rate of 3.47%; and an annualised volatility of 64.0%.

(c) Court hearings

The Court has ordered that Kyckr convene the Scheme Meeting for the purpose of Kyckr Shareholders considering the Scheme. The Scheme Meeting is scheduled to be held at 6.00pm (AEDT) on Wednesday, 19 October 2022, at Level 24, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000 and virtually via the online meeting platform at <https://web.lumiagm.com/315503051>. The Notice of Scheme Meeting is set out in Annexure D to this Scheme Booklet.

The order of the Court convening the Scheme Meeting is not, and should not be treated as, an endorsement of the Court, or any other expression of opinion by the Court on, the Scheme.

If the Scheme is approved by the Requisite Majorities of Kyckr Shareholders at the Scheme Meeting, Kyckr will apply to the Court (on the Second Court Date) for an order approving the Scheme. The Court has discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the Requisite Majorities of Kyckr Shareholders at the Scheme Meeting. The Second Court Date is currently expected to be held at 9.15am (AEDT) on 25 October 2022 though a different date may be sought.

(d) Actions by Kyckr and RealWise

If the Court order approving the Scheme is obtained, the directors of each of Kyckr and RealWise will take or procure the taking of the steps required for the Scheme to be implemented.

In particular, Kyckr will lodge with ASIC copies of the Court order under section 411(4)(b) of the Corporations Act approving the Scheme, and the Scheme will become Effective on the date the office copy of the Court order from the Second Court Date is lodged with ASIC.

(e) Suspension of trading of Kyckr Shares

If the Court approves the Scheme, it is expected that the suspension of trading on ASX in Kyckr Shares will occur from the close of trading on the Effective Date.

(f) Scheme Record Date and entitlement to Scheme Consideration

For the purposes of establishing the identity of Scheme Shareholders, dealings in Kyckr Shares will be recognised by Kyckr if:

- in the case of dealings of the type to be effected during CHESSE, the transferee is registered in the Kyckr Share Register as the holder of the relevant Kyckr Shares on or before the Scheme Record Date; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before 5.00pm (AEDT) on the Scheme Record Date,

and Kyckr must not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders nor for any other purpose (except a transfer to RealWise pursuant to this Scheme and any subsequent transfers by RealWise or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

(g) Provision of Scheme Consideration

If the Scheme becomes Effective, RealWise must by no later than one Business Day before the Implementation Date, deposit (or procure to deposit of) in cleared funds an amount

equal to an aggregate amount of the Scheme Consideration payable into a trust account operated by or on behalf of Kyckr, to be held on trust for the Scheme Shareholders, except that any interest on the amount deposited (less bank fees and other charges) will be credited to RealWise's account.

On the Implementation Date, subject to the funds having been deposited by RealWise in the manner described in the previous paragraph, Kyckr will pay to each Scheme Shareholder the Scheme Consideration attributable to that Scheme Shareholder, by (in Kyckr's absolute discretion):

- where a Scheme Shareholder has made a valid election in accordance with the requirements in the Kyckr Share Registry to receive dividend payments from Kyckr by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount of Australian currency by electronic means in accordance with that election; or
- paying (or procuring the payment of) the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Kyckr; or
- whether or not the Scheme Shareholder has made an election referred to above, dispatching (or procuring the dispatch of) a cheque in Australian currency to the Scheme Shareholder by prepaid post to their address shown in the Kyckr Share Register as at the Scheme Record Date, such Cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 6.3 of the Scheme), for the relevant amount.

(h) **Implementation Date**

If the Scheme becomes Effective, it will be implemented on the Implementation Date. On that date, all Kyckr Shares (other than those held by RealWise) will be transferred to RealWise, subject to the payment of the Scheme Consideration described above.

3.7 Warranties by Scheme Shareholders

Under the terms of the Scheme, each Scheme Shareholder is taken to have warranted to Kyckr and RealWise, and appointed and authorised Kyckr as its attorney and agent to warrant to RealWise, on the Implementation Date, that:

- all their Kyckr Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, security interests (including any Security Interest) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to sell and transfer their Kyckr Shares together with all rights and entitlements attaching to those shares to RealWise under the Scheme.

3.8 Delisting of Kyckr

If the Scheme becomes Effective, Kyckr will apply to the ASX to suspend trading in Kyckr Shares with effect from the close of trading on the Effective Date.

Following the implementation of the Scheme, Kyckr will apply for the termination of the official quotation of Kyckr Shares on the ASX and for Kyckr to be removed from the official list of the ASX with effect on and from the close of the trading day immediately following the Implementation Date.

4. Details of Scheme Meeting and how to vote

4.1 Details of the Scheme Meeting

The Scheme Meeting will be held on Wednesday, 19 October 2022 at 6.00pm (AEDT) as a hybrid meeting at:

- Level 24, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000; and
- virtually via the online meeting platform at <https://web.lumiagm.com/315503051>

Due to the continuing health risks arising from the COVID-19 pandemic, Kyckr Shareholders are encouraged to consider attending the Scheme Meeting online.

Details about the Scheme Meeting and how to participate are set out in the Notice of Scheme Meeting contained in Annexure D to this Scheme Booklet.

4.2 Your vote is important

The Kyckr Directors urge Kyckr Shareholders to vote on the Scheme Resolution. The Scheme affects the Kyckr Shares you hold and your vote on the Scheme Resolution is important in determining whether the Scheme becomes Effective.

4.3 Entitlement to vote

If you are registered as a Kyckr Shareholder on the Kyckr Share Register on the Meeting Record Date (being 7.00pm (AEDT) on Monday, 17 October 2022), you will be entitled to vote on the Scheme Resolution at the Scheme Meeting.

In the case of jointly held Kyckr Shares, only one of the joint shareholders is entitled to vote. If more than one Kyckr Shareholder votes in respect of jointly held Kyckr Shares, only the vote of the Kyckr Shareholder whose name appears first in the Kyckr Share Register will be counted.

4.4 How to vote

Voting on the Scheme Resolution will be conducted by way of a poll.

If you are a Kyckr Shareholder entitled to vote at the Scheme Meeting, you may vote:

- **in person**, by attending the Scheme Meeting at the physical venue and voting;
- **online**, by participating and voting via the online meeting platform at <https://web.lumiagm.com/315503051>;
- **by proxy**, by lodging a proxy online at <https://www.votingonline.com.au/kyksm2022> or by completing, signing and lodging a Proxy Form for the Scheme Meeting in accordance with the instructions set out on the form. To be valid, your Proxy Form must be received by the Kyckr Share Registry by 6.00pm (AEDT) on Monday, 17 October 2022;
- **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Kyckr Share Registry by 6.00pm (AEDT) on Monday, 17 October 2022; or
- **by corporate representative**, in the case of a Kyckr Shareholder which is a body corporate, by appointing a corporate representative to attend and vote at the Scheme Meeting on behalf of that Kyckr Shareholder and providing a duly executed

certificate of appointment (in accordance with section 250D of the Corporations Act) prior to admission to the Scheme Meeting.

Further information on how to participate and vote using each of these methods, and ask questions during the Scheme Meeting, is set out in the Notice of Scheme Meeting contained in Annexure D to the Scheme Booklet.

5. Information about Kyckr

5.1 Overview of Kyckr

Kyckr is a business-to-business (**B2B**) information services company that aggregates, organises and structures primary source company data, typically sourced directly from corporate registries across the globe. These information services help customers and partners reduce possible financial crime risks associated with counterparty relationships.

The Company is now a leading global provider of real-time company registry information on over 120 million businesses, sourced from 300+ primary regulatory sources across 100+ countries.

Kyckr's solutions support businesses to protect against fraud, money laundering and financial crime.

The business has evolved significantly since it listed on the ASX in 2016 and the pace of change has accelerated over the last 18 months. It has leveraged its global registry data capabilities to provide value-added services for clients and partners, including normalising and enriching data and embedding this enriched data into client's systems, platforms and processes.

The business is headquartered in Sydney, and employs a team of approximately 36 people, with international operations across Australia, Germany, Ireland, the United Kingdom and Philippines.

Kyckr is primarily used by enterprise customers in the financial services sector and technology partners providing broader services to financial services companies. As regulatory reach has extended, the Company's solutions are increasingly attracting interest from prospects in other sectors, including legal, insurance, logistics, supply chain management and e-commerce.

It currently has around 73 customers, with approximately 56% of its revenue derived from sales to three long-standing customers during the financial year ended 30 June 2022.

5.2 Company history

Year	Event
2007-2015	<p>Global Business Register Limited (GBR) (now known as Kyckr Ireland Limited) was incorporated in Ireland in 2007.</p> <p>From GBR's initial incorporation to the ASX listing of Kyckr, GBR built a network of 150 corporate registry connections across 88 countries providing company information on 70 million legal entities. The focus of the business was the provision of company information and documents required to meet the Anti Money Laundering (AML) requirements of financial organisations to ensure they could clearly demonstrate to regulators they knew their business customers. This extended to the cleansing, remediation and monitoring of client records. Bank of Ireland was established as cornerstone client with NTT Data Services Ireland Ltd as lead partner.</p>
2015	Kyckr was incorporated in 2015 specifically to acquire GBR, which had developed capabilities to support financial organisations meet their Know Your Business (KYB) obligations.
2016	Kyckr was listed on the ASX under the ASX code 'KYK'.

2017	Kyckr begins to shift focus from web sales to enterprise clients and receives first revenues from its commercial agreement with Citigroup.
2018	Kyckr established stronger B2B positioning and marketing. Investments were made in Kyckr's platform UI/UX. Karina Kwan joins Kyckr Board as a Non-Executive Director.
2019	Ian Henderson commences as Kyckr's CEO. Kyckr builds a UK presence with sales, marketing and product roles in London to be closer to existing and prospective Kyckr customers. Kyckr launches improved digital platform to accelerate online growth as part of its strategy to transition from a document reseller to an enhanced data and technology business. Kyckr welcomes Richard White as cornerstone investor. Increased focus on developing partner relationships to complement enterprise and online sales.
2020	Kyckr's strategy continues to evolve with technology support outsourced to accelerate development velocity. ISO27001 (Information Security Management) accreditation achieved. Strong regulatory tailwinds lead to geographical focus switching to Europe. Rajarshi Ray joins the Kyckr Board as a Non-Executive Director. Increased investment in sales and marketing. Move from pay as you go to recurring subscription pricing for new enterprise contracts.
2021	George Venardos joins Kyckr Board as a Non-Executive Director, Rajarshi Ray elected as Non-Executive Chairman. Kyckr's management team strengthened by the appointments of Glenn Day as Company Secretary and Chief Financial Officer and Richard Barber who is currently the Chief Revenue Officer. Kyckr develops Ultimate Beneficial Ownership (UBO) discovery capability through its UBO Verify service.
2022	Following external technology build, Kyckr adopts a hybrid model by insourcing technology development supported by external contractors. Kyckr launches new upgraded brand identity and supporting website. Strategic pivot to leverage partners as core element of business development approach. Confirms six consecutive quarters of record revenue growth including largest multi-year deal in Kyckr history. Kyckr launches revamped SaaS portal with enhanced functionality.

5.3 Kyckr's products and solutions

Kyckr creates value for enterprise customers and partners through the following solutions:

- **Know Your Business:** This solution provides the information required to verify entities under KYC/AML regulations – including registration details, company directors, shareholders and ultimate beneficial ownership (UBO). All information is

sourced in real-time (or 'close-to' real-time), from national corporate registries at the point of request and standardised into a consistent structure. Information is available from over 300+ jurisdictions and consists of both structured company profiles and over 1000+ types of original registry documents and filings. Solution also includes a software component, 'UBO Verify', which automates the complex process of cross-border ownership investigations, by unwrapping ownership layers and automatically calculating beneficial ownership.

- **Entity Verification:** This solution immediately verifies that an entity exists and is legally registered, across 250+ jurisdictions via a single API integration. The response contains basic registration details including status, address, industry classification and registration date.
- **Monitoring:** This solution automates the detection of material changes to company information, reducing time spent on manual, periodic KYC reviews. This service includes the capability to regularly notify the user of changes to key company data, including status, address and changes to directorships or shareholding, as well as any new company filings, which can then be ordered from the Kyckr network.
- **Data Cleanse:** This solution aligns existing customer information to data from a verified primary source corporate registry, highlighting deficiencies in the dataset and providing candidate information for remediation purposes.

5.4 Kyckr Board and senior management

(a) Kyckr Board

The Kyckr Board comprises the following directors:

Name	Position
Rajarshi Ray	Independent Non-Executive Chair
Karina Kwan	Independent Non-Executive Director
George Venardos	Independent Non-Executive Director

(b) Kyckr senior management

Kyckr's senior management comprises the following members:

Name	Position
Ian Henderson	Chief Executive Officer
Glenn Day	Chief Financial Officer and Company Secretary
Richard Barber	Chief Revenue Officer
Steve Lamb	Chief Operating Officer
Brad Stone	Head of Engineering

5.5 Kyckr capital structure

As at the Last Practicable Date, the capital structure of Kyckr is as follows:

Type of security	Number on issue
Kyckr Shares	539,237,277 Kyckr Shares (held by a total of 1,846 Kyckr Shareholders)
Kyckr Performance Rights	4,502,922 Performance Rights
Kyckr Options	14,486,827 unquoted Options, which comprises: <ul style="list-style-type: none">- 9,000,000 Kyckr LTIP Options; and- 5,486,827 Kyckr Director Options

5.6 Substantial shareholders in Kyckr Shares

As at the Last Practicable Date, based on the information available to Kyckr, the following persons are substantial holders of Kyckr Shares:

Substantial holder	Number of Kyckr Shares	Voting Power in Kyckr
Mr Richard White	122,346,906	22.69%
Regal Funds Management	106,956,784	19.83%
Harvest Lane Asset Management Pty Ltd and its associates	62,845,091	11.65%

5.7 Recent share price history

Kyckr Shares are listed on ASX under the code 'KYK'.

The closing price of Kyckr Shares on 5 July 2022, being the last trading day before the Announcement Date, was \$0.049.

During the 12 months ending 5 July 2022:

- the highest recorded daily closing price for Kyckr Shares on ASX was \$0.070 on 1 November 2021; and
- the lowest recorded daily closing price for Kyckr Shares on ASX was \$0.041 on 26 July 2021.

The diagram below shows the Kyckr closing share price performance over the 12-month period ending 5 July 2022:



5.8 Historical financial information

(a) Basis of preparation

The following section contains historical financial information about the consolidated entity consisting of Kyckr and the entities it controlled at the end of, or during, the 12-month periods ended 30 June 2020, 30 June 2021 and 30 June 2022. This information has been prepared and extracted for the purposes of this Scheme Booklet only.

The financial information in this Scheme Booklet is in an abbreviated form and does not contain all of the presentations and disclosures that are usually provided in an annual report and should therefore be read conjunction with the financial statements of Kyckr for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements. The information has been extracted from the audited financial reports of Kyckr for the year ended 30 June 2020 (as announced to the ASX on 28 August 2020), for the year ended 30 June 2021 (as announced to the ASX on 23 September 2021) and for the year ended 30 June 2022 (as announced to the ASX on 23 August 2022).

Further detail on Kyckr's financial performance and financial statements for the financial year ended 30 June 2022 can be found in the annual report for the financial year ended 30 June 2022 that is available on the Kyckr website at www.kyckr.com/investors.

(b) Historical consolidated income statement

Set out below is a summary of Kyckr's historical consolidated income statement for the full financial years ended 30 June 2020, 30 June 2021 and 30 June 2022.

Statutory Consolidated Income Statement (A\$'000)	FY20	FY21	FY22
Revenue	2,399	2,718	3,844
Other income	315	55	-
Interest revenue calculated using the effective interest method	20	32	14
Expenses			
Direct costs and consumables used	(1,045)	(1,177)	(1,775)
Software maintenance expenses	(1,183)	(1,709)	(1,859)
Employee benefits expense	(3,196)	(3,035)	(3,807)
Share-based payments expense	24	(160)	(343)
Depreciation and amortisation expense	(401)	(254)	(236)
Consultancy and professional fees	(576)	(989)	(899)
Occupancy expenses	(126)	(103)	(33)

Travel expenses	(66)	(3)	(26)
Net foreign exchange loss	(42)	-	(20)
Listing related expenses	(368)	(135)	(123)
Other expenses	(652)	(783)	(679)
Finance costs	(11)	(1)	-
Income tax expense	-	-	-
Loss after income tax expense for the year	(4,908)	(5,543)	(5,941)
Foreign currency translation	5	(88)	(33)
Other comprehensive income for the year, net of tax	5	(88)	(33)
Total comprehensive income for the year	(4,903)	(5,631)	(5,974)

(c) **Historical consolidated sheet of financial position**

Set out below is a summary of Kyckr's historical consolidated statement of financial position as at 30 June 2020, 30 June 2021 and 30 June 2022.

Statutory Consolidated Balance Sheet (A\$'000)	Jun-20	Jun-21	Jun-22
Assets			
Current assets			
Cash and cash equivalents	6,658	5,340	7,524
Trade and other receivables	605	687	1,683
Other	236	207	297
Total current assets	7,498	6,234	9,503
Non-current assets			
Property, plant and equipment	21	16	12
Intangibles	9,390	9,126	8,878
Total non-current assets	9,411	9,142	8,890
Total assets	16,910	15,376	18,393
Liabilities			
Current liabilities			
Trade and other payables	1,400	1,492	1,029
Contract liabilities	53	752	2,472
Borrowings	57	-	-
Employee benefits	-	65	104
Total current liabilities	1,510	2,308	3,605
Non-current liabilities			
Employee benefits	-	-	5
Total non-current liabilities	-	-	5
Total liabilities	1,510	2,308	3,609
Net assets	15,400	13,068	14,784
Issued capital	31,702	34,842	42,189
Reserves	2,457	964	1,044
Accumulated losses	(18,760)	(22,739)	(28,449)
Total equity	15,400	13,068	14,784

(d) **Historical consolidated statement of cash flows**

Set out below is a summary of Kyckr's historical consolidated statement of cash flows for the full financial years ended 30 June 2020 and 30 June 2021 and 30 June 2022.

Statutory Consolidated Cash Flow Statement (A\$'000)	FY20	FY21	FY22
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	2,348	3,615	5,019
Payments to suppliers and employees (inclusive of GST)	(7,024)	(8,037)	(10,090)
	(4,676)	(4,422)	(5,072)
Government grants received	46	46	-
Interest received	20	32	14
Interest and other finance costs paid	(11)	(1)	-

Net cash used in operating activities	(4,621)	(4,344)	(5,058)
Cash flows from investing activities			
Payments for property, plant and equipment	(4)	(14)	(7)
Payments for security deposits	(0)	0	-
Proceeds from release of security deposits	0	1	-
Net cash used in investing activities	(4)	(13)	(7)
Cash flows from financing activities			
Proceeds from issue of shares	10,597	3,306	7,750
Share issue transaction costs	(693)	(166)	(403)
Repayment of lease liabilities	(72)	0	-
Proceeds from borrowings	112	0	-
Repayment of borrowings	(109)	(57)	-
Net cash from financing activities	9,834	3,083	7,347
Net increase/(decrease) in cash and cash equivalents	5,209	(1,275)	2,282
Cash and cash equivalents at the beginning of the financial year	1,449	6,658	5,340
Effects of exchange rate changes on cash and cash equivalents	0	(43)	(99)
Cash and cash equivalents at the end of the financial year	6,658	5,340	7,524

5.9 FY23 Budget

Following receipt of the initial unsolicited, non-binding and confidential proposal from RealWise in June 2022, Kyckr provided a budget (prepared for internal purposes including for setting of staff incentives) to RealWise in respect of the financial year ending 30 June 2023 (**FY23 Budget**). The improved offer from RealWise was made after the provision of that budget. The FY23 Budget is not a forecast, as it is a target for what Kyckr seeks to achieve and is not an estimate of future performance.

That FY23 Budget is as follows:

(\$'000)	FY22A	FY23B	Change
Closing Annualised Recurring Revenue (ARR)	4,155	9,469	128%
Revenue	3,844	6,976	81%
Direct costs and consumables	(1,775)	(2,906)	64%
Gross Profit	2,070	4,070	97%
Operating Expenses	(7,788)	(8,864)	14%
EBITDA (loss)	(5,719)	(4,794)	(16%)

FY23 Revenue is budgeted to grow to \$6.98m, compared to \$3.84m for FY22. The EBITDA loss is budgeted to reduce from \$5.72m in FY22 to \$4.79m in FY23.

Annualised Recurring Revenue (**ARR**) is budgeted to grow to \$9.47m by June 2023, compared to \$4.16m at the end of June 2022. ARR is calculated on the basis of the contract value for ARR Clients (that is, clients that are on subscription agreements) at the later of their signing or renewal, normalised for 12 months and as such reflects the estimated subscription based-revenue for the following 12 months assuming subscriptions are renewed.

The budgeted revenue growth rate for FY23 is 81% which is well above the growth rates achieved for FY22 of 41% and for FY21 of 13%.

The key factors underpinning the budgeted revenue growth include:

- new sales and increased usage from existing customers driven by the continued growth in Kyckr's addressable market, favourable changes in the regulatory landscape and economic recovery in key markets post the COVID-19 pandemic;

- the full year contribution from customer contracts signed in FY22;
- increasing the number of sales staff and maintaining high staff satisfaction and retention rates;
- increasing marketing expenditure;
- increased contribution from Kyckr's partner resale network; and
- product enhancements to drive customer acquisition and increased usage. These include improvements in data breadth and quality, UBO Verify and a new SaaS portal for SMB market expansion.

The FY23 Budget is also based on the following key assumptions:

- net increase in annualised recurring revenues from new and existing customers and partners by approximately \$5.0m and the conversion of \$0.3m in existing pay as you go and excess usage revenue into ARR;
- customer retention and usage rates remain stable at or above historical levels;
- the three long-standing major customers (who comprised approximately 56% of FY22 revenue) continue to consume services at similar levels to the previous year;
- an increase in the Gross Profit Margin from 54% in FY22 to 58% in FY23 from changes to pricing and the sales mix; and
- operating costs are budgeted to increase by 14% to \$8.86m due to increases in expenditure on marketing, sales, customer services resources and the continued transition to a hybrid model of product/technology development supported by external contractors.

The FY23 Budget excluded the impact of transaction costs described in Section 9.7.

Achievement of the FY23 Budget is subject to a number of risk factors, including clients' appetite for the services of Kyckr, competitors' pricing, the effectiveness of increased sales and marketing activity, the contracting of significant prospects, the timing of sales, the retention of existing clients and partners, the level of usage of Kyckr's services, the percentage of recoverable revenue, the ongoing COVID-19 pandemic, general economic conditions, the quality of the service offerings provided by Kyckr and the delivery of new product features.

The FY23 financial performance of the Company will also be affected by expenses incurred by Kyckr, which are subject to employee costs, regulatory and compliance costs, and other costs such as software and third-party services.

The FY23 Budget was based on information available to Kyckr, the assumptions set out above and barring any unforeseen events. The FY23 Budget was prepared in accordance with ASIC Regulatory Guide 170 (Prospective financial information). The Kyckr Directors believe the information and assumptions used in preparing the FY23 Budget were, at the time of preparation, and continue to be, reasonable, as they are based on reasonable grounds. However, the FY23 Budget is predictive in character and it did not anticipate Kyckr being acquired by a third party whose intentions for, and decision in relation to, the business may differ from those assumed in preparing the FY23 Budget. It may also be affected by inaccurate assumptions or by known or unknown risks and uncertainties, including events and circumstances that are beyond the control of the current Kyckr Directors and may not occur as expected. Consequently, actual results may differ significantly from the FY23 Budget. The Kyckr Directors do not guarantee that the FY23 Budget will be achieved, and no representation or warranty, express or implied, is made as to the accuracy or likelihood

of achievement of the FY23 Budget. Kyckr Shareholders are advised to carefully consider the risks set out above in this Section 5.9 and detailed in Section 7, and the assumptions used in preparing the FY23 Budget.

As a company listed on the ASX and a disclosing entity under the Corporations Act, Kyckr is subject to regular reporting and disclosure obligations under the ASX Listing Rules and the Corporations Act. Kyckr will continue to provide information to Kyckr Shareholders in accordance with these obligations.

It is anticipated that Kyckr will release its quarterly report for the quarter ending September 2022 prior to the Scheme Meeting date. When released, this and any other announcements concerning developments at Kyckr will be available on ASX's website at www.asx.com.au.

5.10 Material changes to Kyckr's financial position since 30 June 2022

As at the date of this Scheme Booklet, other than:

- as a result of the ordinary course of trading;
- as disclosed in this Scheme Booklet; or
- otherwise announced to the ASX by Kyckr,

to the knowledge of the Kyckr Directors, there have been no material changes to the financial position of Kyckr since 30 June 2022, being the date of Kyckr's audited accounts for the financial year ended 30 June 2022.

5.11 Kyckr Directors' intentions for the business

The Corporations Regulations require a statement by the Kyckr Directors of their intentions regarding Kyckr's business. If the Scheme is implemented, the current Kyckr Directors will resign at the request of RealWise and the Kyckr Board will be reconstituted in accordance with the instructions of RealWise after the Implementation Date. Accordingly, it is not possible for the Kyckr Directors to provide a statement of their intentions after the Scheme is implemented regarding:

- the continuation of the business of Kyckr;
- any major changes to be made to the business of Kyckr, including any redeployment of the fixed assets of Kyckr; and
- the future employment of the present employees of Kyckr.

If the Scheme is implemented, RealWise will have 100% ownership and control of Kyckr. The current intentions of RealWise with respect to these matters are set out in Section 6.

If the Scheme is not implemented, the Kyckr Directors intend to continue to operate the business in the ordinary course and explore other opportunities that may arise from time to time and that may be in the best interests of Kyckr shareholders.

5.12 Publicly available information about Kyckr

As a company listed on ASX and a disclosing entity under the Corporations Act, Kyckr is subject to regular reporting and disclosure obligations under the ASX Listing Rules and the Corporations Act. Broadly, these require Kyckr to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information.

ASX maintains files containing publicly disclosed information about all entities listed on the ASX. Information disclosed to ASX by Kyckr is available on ASX's website at www.asx.com.au. Further announcements concerning developments at Kyckr will continue to be made available on this website after the date of this Scheme Booklet.

In addition, Kyckr is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Kyckr may be obtained from an ASIC office.

Kyckr Shareholders may obtain a copy of Kyckr's 2022 Annual Report from ASX's website (www.asx.com.au), from Kyckr's website at www.kyckr.com/investors or by calling the Kyckr Shareholder Information Line on 1300 370 557 (within Australia) or +61 2 8023 5465 (outside Australia), between 8.30am and 5.30pm (AEDT), Monday to Friday.

6. Information about RealWise

6.1 Introduction

This Section 6 contains information concerning the bidder, RealWise, and outlines how it is funding the Scheme Consideration and its intentions in relation to Kyckr. This Section 6 forms part of the RealWise Information. It has been prepared by RealWise and is the responsibility of RealWise. Kyckr and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.2 Overview of RealWise

(a) Ownership structure

RealWise is an Australian company which is wholly-owned by Mr Richard White.

RealWise is a special purpose proprietary company that was incorporated for the purpose of acquiring all of the shares in Kyckr under the Scheme and has not conducted any other business.

(b) RealWise Director

As at the date of this Scheme Booklet, the sole director of RealWise is Mr Richard White.

(c) Mr Richard White

Mr Richard White is Chief Executive Officer and Executive Director of WiseTech Global Limited (**WiseTech**), a leading provider of software solutions to the global logistics industry. Mr Richard White has led WiseTech since 1994 and helped grow the business to its current market capitalisation of approximately \$19.26 billion as at the Last Practicable Date. Mr Richard White's Relevant Interest in WiseTech shares as at the Last Practicable Date is approximately 40.93% or 133,593,333 shares (which are held either via RealWise Holdings (as defined below) or by Mr Richard White personally).

Mr Richard White is actively engaged in supporting the growth of technology companies and has investments in numerous high growth technology businesses, including Songtradr, Inc. and espresso Displays.

As at the Last Practicable Date, Mr Richard White is the registered holder of 122,346,906 Kyckr Shares (which represents 22.69% of Kyckr's issued shares).¹³ Mr Richard White intends to abstain from voting at the Scheme Meeting in respect of those Kyckr Shares.

6.3 Rationale for proposed acquisition of Kyckr

As identified in Section 6.2(c) above, Mr Richard White continues to be engaged in the growth of various technology companies. Mr Richard White views Kyckr as a well-managed business that would be better suited to private ownership under the stewardship of a well-resourced, respected and experienced individual who has worked in the technology industry for decades.

Mr Richard White believes that his experience and ongoing access to capital can provide long term funding certainty for the Kyckr business, which will encourage further growth for the business. For further information regarding broader intentions for Kyckr, please refer to Section 6.5.

¹³ As at the Last Practicable Date, there are 539,237,277 Kyckr Shares on issue, with 122,346,906 Kyckr Shares held by Mr Richard White. It is anticipated that the Kyckr Shares currently held by Mr Richard White will be transferred to RealWise prior to the Scheme Record Date. For further information regarding the proposed acquisition of Mr Richard White's Kyckr Shares by RealWise, please refer to Section 6.6(a).

6.4 Funding arrangements

(a) Overview

The Scheme Consideration is \$0.08 per Scheme Share. If the Scheme is implemented, Scheme Shareholders will be entitled to receive the Scheme Consideration per Scheme Share held on the Scheme Record Date.

The maximum aggregate amount of cash payable by RealWise to Scheme Shareholders under the Scheme will be approximately \$33.7 million, based on the number of:

- Kyckr Shares currently on issue that RealWise will acquire under the Scheme, (being 416,890,371 Kyckr Shares)¹⁴; and
- Kyckr Shares expected to be issued as a result of the vesting of 4,502,922 Kyckr Performance Rights (being approximately 4,502,922 Kyckr Shares) as described in Section 3.5(b).

RealWise intends to fund payment of the Scheme Consideration using funds received pursuant to a loan as described below in Section 6.4(b). The funds made available to RealWise will be in excess of the maximum aggregate Scheme Consideration.

(b) Source of cash consideration

RealWise has received a legally binding commitment letter from RealWise Holdings Pty Limited (ACN 059 309 161) (**RealWise Holdings**), another entity controlled by Mr Richard White, dated 6 July 2022 (**Commitment Letter**). Pursuant to the Commitment Letter, RealWise Holdings has committed to provide \$43.5 million to Kyckr (the **Commitment**) for the purpose of funding the Scheme Consideration payable under the Scheme (as well as other costs and expenses incurred by RealWise in connection with the Scheme). In connection with the Commitment Letter, RealWise Holdings has entered into a loan agreement with RealWise, under which RealWise Holdings has agreed that it will provide the Commitment by way of an unsecured and interest free loan to RealWise. RealWise Holdings has uncommitted cash reserves sufficient to fund the Commitment.

In relation to funding the consideration payable under the Scheme Implementation Deed and Deed Poll, the Commitment is subject to the satisfaction or waiver (as applicable) of each of the conditions of the Scheme Implementation Deed and Deed Poll but is otherwise unconditional.

(c) Provision of Scheme Consideration

On the basis of the arrangements described above, RealWise is of the opinion that it has a reasonable basis for holding the view, and holds the view, that it will be able to satisfy its obligations to provide the Scheme Consideration under the terms of the Scheme.

6.5 RealWise's intentions

(a) Introduction

If the Scheme is implemented, RealWise will become the holder of all Kyckr Shares not already held by RealWise or an entity that is wholly-owned by RealWise¹⁵ and, accordingly, Kyckr will become a wholly-owned subsidiary of RealWise.

¹⁴ As at the Last Practicable Date, there are 539,237,277 Kyckr Shares on issue, with 122,346,906 Kyckr Shares held by Mr Richard White. RealWise will not acquire the 122,346,906 Kyckr Shares held by Mr Richard White under the Scheme (which will separately be transferred to RealWise prior to the Scheme Record Date as identified in Section 6.6(a)), which is reflected in the maximum aggregate amount of cash payable by RealWise to Scheme Shareholders under the Scheme. For further information regarding the proposed acquisition of Mr Richard White's Kyckr Shares by RealWise, please refer to Section 6.6(a).

This Section 6.5 sets out RealWise's present intentions only and are based on the information concerning Kyckr and the general business environment which is known to RealWise at the time of preparation of this Scheme Booklet. RealWise does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation and financial implications of its present intentions. RealWise's present intentions concerning the businesses, assets and employees of Kyckr are the same as the intentions of Mr Richard White.

If the Scheme is implemented, RealWise intends to undertake a detailed review of Kyckr's assets and operations, including to evaluate their performance, prospects and strategic relevance. RealWise will only make final decisions following the completion of its review of Kyckr's business and based on the facts and circumstances at the relevant time.

Accordingly, the statements set out in this Section 6.5 are statements of present intention and may change as new information becomes available or as circumstances change.

(b) Kyckr's removal from the ASX

Following the implementation of the Scheme, RealWise will arrange for Kyckr to apply for the termination of the official quotation of Kyckr Shares on the ASX and for Kyckr to be removed from the ASX's official list with effect on or around the Business Day immediately following the Implementation Date.

(c) Board of directors

If the Scheme is implemented, the Kyckr Board will be reconstituted, such that some or all of the directors may be replaced, with effect on and from the Implementation Date. At the date of this Scheme Booklet, the new directors have not been identified, however it is intended that Mr Richard White will be appointed as a director.

(d) Employees

RealWise considers Kyckr's employees to be a critical component of the future success of the business. Following implementation of the Scheme, RealWise will work with management to enhance Kyckr's current strategy, business operations and organisational structure. This will enable RealWise to ensure Kyckr is appropriately resourced to continue to develop and grow the business going forward and to drive the pursuit of further growth opportunities. Subject to this review, RealWise's intention is to maintain Kyckr's key personnel and maintain, and potentially grow, current levels of employment and personnel arrangements. RealWise will also include consideration of performance incentives and retention arrangements for Kyckr's staff and management as part of its post implementation review with management.

(e) Changes to Kyckr's constitution

RealWise has no current intention to make material changes to Kyckr's constitution following implementation of the Scheme, other than to reflect that Kyckr will no longer be a publicly listed company following implementation of the Scheme.

The Kyckr constitution will be considered as part of the RealWise's broader review of Kyckr and, if deemed appropriate, will be amended.

(f) Business, operations and assets

Subject to the findings of the post-acquisition review referred to in this Section 6.5, RealWise's current intention is to continue the strategic direction of Kyckr, whilst also increasing its overall influence on the day-to-day operations of Kyckr's business. In

¹⁵ For further information regarding the proposed acquisition of Mr Richard White's Kyckr Shares by RealWise, please refer to Section 6.6(a).

particular, RealWise currently intends to provide ongoing long term funding certainty for the business, which will enable Kyckr's management to focus on the growth of Kyckr and ultimately help it gain critical mass.

6.6 Additional information

(a) Relevant Interests in Kyckr Shares

As at the date of this Scheme Booklet, RealWise itself is not the registered holder of, nor does it have the power to control voting rights attached to, or the power to dispose of, any Kyckr Shares.

Under the Corporations Act, RealWise has Voting Power in 122,346,906 Kyckr Shares (which represents 22.69% of Kyckr's issued shares) because Mr Richard White has a Relevant Interest in those Kyckr Shares as at the Last Practicable Date.

It is anticipated that, upon the Scheme becoming Effective but before the Scheme Record Date, RealWise will acquire the 122,346,906 Kyckr Shares currently held by Mr Richard White in consideration for the issue of additional shares in RealWise to Mr Richard White.

(b) Dealing in Kyckr Shares in previous four months

Mr Richard White, an Associate of RealWise, has acquired a total of 720,000 Kyckr Shares on-market in the previous four months before the date of this Scheme Booklet. Mr White's most recent substantial holder notice was lodged with ASX on 9 May 2022. The highest price paid for any Kyckr Share by Mr Richard White in that period was \$0.066. As identified in Sections 6.2(c) and 6.6(a) above, Mr Richard White has a Relevant Interest and Voting Power in 122,346,906 Kyckr Shares (which represents 22.69% of Kyckr's issued shares) as at the Last Practicable Date.

Other than the anticipated acquisition of Mr Richard White's holding in Kyckr by RealWise as identified in Section 6.6(a) above, and the payment of the Scheme Consideration by RealWise under the Scheme, RealWise has not provided or agreed to provide any consideration for any Kyckr Shares under any transaction or agreement during the period of four months before the date of this Scheme Booklet.

(c) Benefits to Kyckr Shareholders

Other than the anticipated acquisition of Mr Richard White's holding in Kyckr by RealWise as identified in Section 6.6(a) above and the cash consideration paid for Kyckr Shares by Mr Richard White (to the extent applicable), during the four months before the date of this Scheme Booklet, none of RealWise or its Associates have given, or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of Kyckr Shares,

where the benefit was not offered to all Kyckr Shareholders.

(d) Benefits to current Kyckr officers

Neither RealWise nor any of its Associates will be making any payment or giving any benefit to any current officers of Kyckr or any of Kyckr's subsidiaries as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices dependent on the Scheme being implemented.

(e) **Interest of RealWise director in Kyckr Shares**

As at the Last Practicable Date, and as identified in Sections 6.2(c) and 6.6(a) above, Mr Richard White (the sole director of RealWise) has a Relevant Interest and Voting Power in 122,346,906 Kyckr Shares (which represents 22.69% of Kyckr's issued shares).

(f) **No other material information**

Except as otherwise disclosed in this Scheme Booklet, there is no other RealWise Information that is material to the making of a decision in relation to the Scheme, being RealWise Information that is within the knowledge of the director of RealWise, at the date of this Scheme Booklet, which has not previously been disclosed to Kyckr Shareholders.

7. Risk factors

7.1 Introduction

The Kyckr Board considers that it is appropriate for Kyckr Shareholders, in considering the Scheme, to be aware that there are a number of risks, both general and specific, which may materially adversely affect the future operations and financial performance of the Kyckr Group, as well as the value of Kyckr Shares and Kyckr's ability to pay dividends.

This Section 7 outlines some of the:

- risks which relate to the Scheme (see Section 7.2);
- general and specific risks relating to the business and operations of Kyckr¹⁶ (see Section 7.3); and
- general investment risks associated with owning Kyckr Shares (see Section 7.4).

Where practicable, Kyckr seeks to implement risk mitigation strategies to minimise its exposure to some of the risks outlined in this Section 7. However, there can be no assurance that such strategies will completely protect Kyckr and Kyckr Shareholders from these risks. There may be other risks that are beyond Kyckr's control and cannot be mitigated. In addition, it is possible that some of the risks outlined in this Section 7 may increase if the Scheme is not implemented.

If the Scheme proceeds, Scheme Shareholders will receive the Scheme Consideration of \$0.08 cash per Kyckr Share, will cease to hold Kyckr Shares and will also no longer be exposed to the risks set out in Sections 7.3 and 7.4 and (and other risks to which Kyckr may be exposed) insofar as these risks relate to an investment in Kyckr Shares. If the Scheme does not proceed, Kyckr Shareholders will continue to hold Kyckr Shares and continue to be exposed to risks associated with their investment in Kyckr.

The risk factors set out in this Section 7 do not take into account the individual investment objectives, financial situation, position or particular needs of Kyckr Shareholders. In addition, this Section 7 is a summary only and does not purport to list every risk that may be associated with an investment in Kyckr now or in the future. You should carefully consider the risk factors discussed in this Section 7, as well as the other information contained in this Scheme Booklet before voting on the Scheme.

7.2 Risks in relation to the Scheme

(a) **Scheme may not proceed (including if there is a Material Adverse Change) or may be delayed**

The Scheme is subject to various Conditions Precedent that must be satisfied or waived (if capable of waiver) in order for the Scheme to be implemented. These Conditions Precedent are outlined in Section 9.4 and set out in full in clause 3.1 of the Scheme Implementation Deed. The failure of a Condition Precedent to be satisfied or waived (if capable of waiver) may also give rise to a right of either Kyckr or RealWise to terminate the Scheme Implementation Deed, in which case the Scheme will not proceed. These termination rights are also summarised in Section 9.4.

One of the Conditions Precedent is that there is no Material Adverse Change between 6 July 2022 and 8.00am on the Second Court Date (**MAC period**). A Material Adverse Change is defined in Schedule 1 of the Scheme Implementation Deed (as released to the ASX on 6 July 2022) and this definition is also set out in full in the Glossary section of this

¹⁶ Where applicable, a reference to Kyckr in this Section 7 is a reference to the Kyckr Group.

Scheme Booklet. In summary, a Material Adverse Change includes, subject to certain exceptions:

- (i) an event that occurs in the MAC period referred to above that (individually or when aggregated with other events) has or is reasonably likely to have the effect of diminishing the annual revenue of the Kyckr Group by more than \$400,000; or
- (ii) any of the following events that occur in the MAC period:
 - (A) a serious ransomware or cyberattack that results in a significant outage of Kyckr's systems or that is reasonably likely to result in material loss of Kyckr's reputation or a material loss of trust in Kyckr, its business or its systems;
 - (B) a substantial or reportable data leak or data exfiltration affecting Kyckr or any of the data or information it owns, controls or holds (including customer data);
 - (C) a substantial or reportable General Data Protection Regulation or similar data privacy law breach that is reasonably likely to result in material loss of Kyckr's reputation or a material loss of trust in Kyckr, its business or its systems; or
 - (D) any improper acts or omissions of or by one or more of Kyckr's officers, directors or senior managers that is reasonably likely to result in material loss of Kyckr's reputation or a material loss of trust in Kyckr, its business or its systems.

There are different circumstances that may, depending on their effect, trigger or constitute a Material Adverse Change. The events referred to in paragraph (ii) above, while they are qualified by materiality requirements, do not provide for a quantitative threshold to enliven the trigger of a Material Adverse Change. One of the risks of having a qualitative Material Adverse Change clause (as distinct from a strictly quantitative or monetary threshold clause) is that the clause may be engaged in a wider range of circumstances and that individual elements of that test may be more likely to be subject to argument or interpretation.

Kyckr Shareholders should note that each of Kyckr and RealWise may interpret different meanings to the elements of the events referred to in paragraph (ii) above (for example, where a cyberattack is "serious") given the absence of a specific quantitative threshold and therefore, Kyckr may be exposed to a greater risk of litigation and a higher risk of uncertainty than would otherwise be the case if a quantitative test were provided. There is a risk a dispute may arise between Kyckr and RealWise as to whether or not the "no Material Adverse Change" condition has been triggered or the consequence under the Scheme Implementation Deed. This could result in the Scheme not proceeding, the Scheme otherwise being terminated, or a transaction being proposed on different terms in accordance with clause 3.7 of the Scheme Implementation Deed.

The Conditions Precedent also include approval by the Court and approval by Kyckr Shareholders. There is the risk that the Court may not approve the Scheme, or may only be willing to approve the Scheme subject to conditions that Kyckr or RealWise (as applicable) is not prepared to accept. There is also a risk that some or all of the aspects of the Kyckr Shareholder or Court approvals required for the Scheme to proceed may be delayed.

(b) Implications for Kyckr and Kyckr Shareholders if the Scheme is not implemented

If the Scheme does not become Effective and is not implemented, Kyckr Shareholders will not receive the Scheme Consideration of \$0.08 cash per Kyckr Share and Kyckr will

continue, in the absence of an alternative Superior Proposal, to operate as a standalone entity and remain listed on ASX.

Unless Kyckr Shareholders choose to sell their Kyckr Shares on the ASX, Kyckr Shareholders will continue to hold Kyckr Shares and will be exposed to both the risks (including those set out in this Section 7) and potential future benefits in retaining exposure to Kyckr's business and assets.

The Kyckr Share price will also remain subject to market volatility and may fall in the short term if the Scheme is not implemented and in the absence of a Superior Proposal.

(c) Tax consequences for Scheme Shareholders

If the Scheme becomes Effective, there will be tax consequences for the Scheme Shareholders which may include tax being payable. For further detail regarding general Australian tax consequences of the Scheme, refer to Section 8 of this Scheme Booklet. The tax consequences may vary depending on the nature and characteristics of Scheme Shareholders and their specific circumstances. Accordingly, you should seek professional tax advice in relation to your particular circumstances.

7.3 Risks relating to the business and operations of Kyckr

In considering the Scheme, you should be aware that there are a number of general risk factors, as well as risks specific to the industries in which Kyckr operates, which could materially and adversely affect the future operating and financial performance of Kyckr. Many of these risks are currently relevant to Kyckr Shareholders and will continue to be relevant to Kyckr Shareholders if the Scheme does not become Effective.

(a) Cash flow and capital management

While Kyckr's revenues and customer base have been growing strongly, Kyckr continues to incur losses and negative cashflows as it continues to invest in its capabilities. Kyckr's cash flows (and cash reserves) are significantly impacted by seasonality of customer renewals. There is also no certainty that historical growth rates driven by Kyckr's evolving strategy will continue to be achieved. Accordingly, there is a potential risk that Kyckr may need to raise further funds to support the delivery of Kyckr's strategy prior to reaching breakeven. There are also investment and implementation risks associated with the significant capital investment required for Kyckr to fund its product and technology platform over the short to medium term to achieve profitable scale in the future.

There is no certainty that sufficient capital can be raised at a suitable price in the future. This risk continues to be managed and mitigated through continued acceleration of revenues from existing and new customers and partners, in addition to careful management of operating costs.

(b) Loss of key contracts and relationships

Kyckr's business depends on its contracts and relationships with partners and customers. There can be no guarantee that these contracts will continue, or if they do continue, that they remain successful. During the financial year ended 30 June 2022, approximately 56% of Kyckr's revenue was derived from sales to three long-standing customers.

Kyckr's contracts can generally be terminated on short notice. This risk is, in part, mitigated by the transition to an Annual Recurring Revenue business model from the historic Pay As You Go approach. Any loss of Kyckr's key partners or customers or the failure to win new business on favourable terms, may materially and adversely impact on Kyckr's results from operations and profitability, and also have a negative impact on Kyckr's reputation and prospects.

(c) **Key personnel**

Kyckr's success depends on its ability to attract and retain key management and operating personnel. Kyckr has a well-qualified and experienced management team with deep knowledge and experience of the competitive and operating environments. The labour markets in which Kyckr operates are tight with demand typically exceeding supply. There is therefore a risk of key staff being poached with significantly inflated compensation packages. The loss of any key staff members and inability to attract the required personnel with suitable experience and qualifications, could have an adverse impact on the business.

(d) **Technology, supplier and partner risks**

Kyckr relies on data and documents provided by corporate registries globally. To access this information for its clients and partners it relies on data partners, technology suppliers and third party communication networks. There is a risk that these partners, suppliers and systems may fail to perform as expected or be adversely impacted by a number of factors outside of Kyckr's control. There is a risk that repeated failures to keep Kyckr's technology available may result in reduced revenue or partners and customers cancelling their contracts with Kyckr.

There is a risk that, as technologies continue to develop in the KYC (know your customer) industry, there may be certain new technologies, solutions or product developments that act to supersede Kyckr's existing products and service offering. This could negatively impact Kyckr's performance and profitability.

(e) **Competition-driven strategic risks**

It is not possible to protect Kyckr's intellectual property rights by any registered patents in any jurisdiction. While barriers to entry remain high, this may allow competitors to develop products functionally similar to Kyckr's existing products. The strategic risk of significant competition from new or existing competitors may impact new sales and customer retention, resulting in an adverse impact to Kyckr's financial performance and profitability. This could be further exacerbated by industry consolidation via mergers and acquisitions.

(f) **International operations**

Kyckr conducts operations in a number of geographies and countries. The future operating results in the countries or regions in which Kyckr operates, or may in the future operate, could be negatively affected by a variety of factors beyond the control of Kyckr, including political instability, economic conditions, legal and regulatory constraints, trade policies, and currency regulations. Additional risks inherent in Kyckr's global operations generally include, among other things, the costs and difficulties of managing international operations, adverse tax consequences arising from carrying on operations in different countries and the conduct of cross-border transactions and greater difficulty in enforcing intellectual property rights in certain countries.

(g) **Cyber and data security risks**

Protection of company, customer, employee and third party data is critical to Kyckr's ongoing business and Kyckr has adopted robust cyber and data security protections and processes for this purpose. However, any failure of such systems may result in reputational damage, regulatory intervention, and/or adverse impacts to Kyckr's financial performance.

(h) **Compliance with data protection and privacy laws**

The company information that Kyckr collects and transfers can contain personal information, typically relating to shareholders, directors and company officers. This information is known, public domain information. While this data may be subject to certain data protection and privacy laws across several jurisdictions, the fact that it is drawn from publicly available data sources provides significant protections to Kyckr.

As failure to be fully compliant with all relevant data protection and privacy laws could have an adverse impact on the business, operations and performance of Kyckr, any non-public personal information is held and managed in full compliance with data protection obligations through Kyckr's robust privacy and data protection policies and processes. These underpin its operating procedures and customer interactions, to ensure that it remains fully compliant with all relevant laws and regulations.

(i) **Fluctuations in foreign exchange rates**

Kyckr is a global business with operations across Australia, the Philippines, Germany, Ireland, and the United Kingdom and clients even more geographically dispersed. Kyckr's revenues and costs are denominated in multiple currencies, with consolidated financial results reported in Australian dollars. Accordingly, Kyckr's financial performance is influenced by fluctuations in exchange rates between the Australian dollar and other operating currencies such as the Euro or GBP. Potential exchange rate fluctuations in these currencies may have an adverse impact on Kyckr's future financial performance.

If the Australian dollar was to weaken significantly against the Euro or GBP, Kyckr would currently require more money to fund these operations, increasing the risk that the Company may need to raise further funds.

(j) **Reputational risks**

Kyckr's success is heavily reliant on its strong brand and positive reputation built over a number of years. The occurrence of any unforeseen issue or event which may adversely impact Kyckr's reputation, would result in adverse impact to its financial performance and potential to retain and attract customers and employees.

(k) **General risks relating to business and operations**

The general risks outlined below may also affect Kyckr:

- **Accounting standards:** Kyckr adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that were mandatory for its previous reporting periods. The Australian Accounting Standards are set by the AASB and are outside the control of Kyckr. Any potential changes to these accounting standards or their interpretation, may have an adverse impact on Kyckr's reported financial performance.
- **Tax:** Change to the current tax regimes, tax rules or tax arrangements are outside the control of Kyckr. Any changes to the current tax rules or tax interpretations may have an adverse effect Kyckr's financial performance.
- **Litigation:** Legal proceedings and claims may arise from time to time in the ordinary course of Kyckr's operations and may result in potential legal costs, adverse monetary penalties and/or damage to Kyckr's reputation.
- **Additional risks and uncertainties:** Additional risks and uncertainties not currently known to Kyckr may also have a materially adverse impact on the business. The information set out above should not be considered to represent an exhaustive list of potential risks to Kyckr.

7.4 **General investment risks**

If the Scheme does not become Effective, Kyckr Shares and future distributions made to Kyckr Shareholders will be influenced by a number of macroeconomic factors including:

- changes in investor sentiment and overall performance of the Australian and international stock markets;

- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels, wage rates and consumer demand and preferences;
- economic and political factors in Australia and overseas, including economic growth;
- the ongoing global impact of the COVID-19 pandemic, and the continuously developing advice and responses from health and regulatory authorities;
- changes in legislation and government fiscal, monetary and regulatory policies, including foreign investment; and
- natural disasters and catastrophes, diseases or pandemic, and other macroeconomic occurrences, including but not limited to geopolitical events such as an outbreak of hostilities, acts of terrorism and declaration of war.

8. Taxation implications

8.1 Introduction

The following is a general outline of the Australian income tax, GST and stamp duty consequences of the Scheme for Kyckr Shareholders who participate in the Scheme. The comments set out below are relevant only to those Kyckr Shareholders who hold their Kyckr Shares on capital account and acquired, or have been deemed to acquire, their Kyckr Shares on or after 20 September 1985.

The outline does not address the Australian tax consequences for Kyckr Shareholders who:

- hold their Kyckr Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock);
- acquired their Kyckr Shares pursuant to an employee share, option or rights plan; or
- are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Kyckr Shares.

Kyckr Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

The information contained in this section is based on the tax law at the date of the Scheme Booklet. The tax consequences outlined in this section may differ if there is a change in the tax law after the date of the Scheme Booklet.

The information contained in this Section 8 is general in nature and should not be relied upon by Kyckr Shareholders as tax advice. This Section 8 is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every Kyckr Shareholder. Kyckr Shareholders should obtain their own independent professional advice on the tax consequences of disposing of their Kyckr Shares under the Scheme.

8.2 Taxation consequences of disposal

(a) Australian resident shareholders

If the Scheme becomes Effective, RealWise will acquire 100% of the issued shares in Kyckr. The income tax implications for Australian tax resident shareholders are outlined below.

Capital gains tax (CGT) event

Under the Scheme, Kyckr Shareholders will dispose of their Kyckr Shares to RealWise. This disposal will constitute a CGT event A1 for Australian CGT purposes for Kyckr Shareholders.

The CGT event should happen on the Implementation Date, being the date on which RealWise acquires the Kyckr Shares under the Scheme.

Calculation of capital gain or capital loss

Kyckr Shareholders will make a capital gain on the disposal of the Kyckr Shares to the extent that the capital proceeds from the disposal of the Kyckr Shares are more than the cost base of those Kyckr Shares. Conversely, Kyckr Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Kyckr Shares.

Cost base

The cost base of the Kyckr Shares generally includes the cost of acquisition and certain non-deductible incidental costs of their acquisition and disposal (provided the costs have not previously been claimed as a tax deduction). The reduced cost base of the Kyckr Shares is usually determined in a similar, but not identical, manner.

Capital proceeds

The capital proceeds received in respect of the disposal of each Kyckr Share should be \$0.08 cash consideration per Kyckr Share, being the amount of the Scheme Consideration.

CGT discount

Individuals, complying superannuation entities or trustees that have held Kyckr Shares for at least 12 months may be entitled to discount the amount of the capital gain (after the application of capital losses) from the disposal of Kyckr Shares by 50% in the case of individuals and trustees or by 33⅓% for complying superannuation entities.

For trustees, the ultimate availability of the CGT discount for beneficiaries of the trusts will depend on the tax profile of the beneficiaries.

Net capital gain

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

Kyckr Shareholders should seek independent professional tax advice in relation to the operation of these rules.

(b) Non-resident shareholders

To the extent no foreign Kyckr Shareholder (together with Associates) holds 10% or more of Kyckr Shares (at the time of disposal or throughout a 12 month period during the two years before disposal) and the Kyckr Shares are not considered to be indirect Australian real property interests, Kyckr Shareholders who are foreign residents for income tax purposes and who do not carry on business in Australia at or through a permanent establishment should be exempt from CGT on the disposal of their Kyckr Shares.

A non-resident individual Kyckr Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident should be subject to Australian CGT consequences on disposal of their Kyckr Shares as set out in Section 8.2(a).

Foreign resident Kyckr Shareholders should obtain their own independent tax advice regarding the tax implications of the Scheme in Australia and in their country of residence.

8.3 GST

Kyckr Shareholders should not be liable to GST in respect of a disposal of Kyckr Shares, regardless of whether the Kyckr Shareholder is registered for GST.

In the event the Kyckr Shareholder is an Australian resident and is registered for GST, the disposal of the Kyckr Shares to RealWise should be considered an input taxed financial supply.

Kyckr Shareholders may incur GST included in costs (such as advisor fees relating to their participation in the Scheme) that relate to the Scheme. Kyckr Shareholders that are registered for GST may be entitled to input tax credits or reduced input tax credits for such costs, depending on the Kyckr Shareholder's individual circumstances.

Kyckr Shareholders should seek their own independent tax advice in relation to the GST implications of their participation in the Transaction.

8.4 Stamp Duty

No stamp duty is payable by Kyckr Shareholders in respect of the disposal of their Kyckr Shares pursuant to the Scheme.

9. Additional information

9.1 Introduction

This Section sets out the statutory information required by section 412(1)(a) of the Corporations Act and Part 3 of Schedule 8 to the Corporations Regulations to be included in this Scheme Booklet, but only to the extent that this information is not otherwise disclosed in other Sections. This Section also includes additional information that the Kyckr Directors consider material to a decision on how to vote on the resolution in respect of the Scheme.

9.2 Interests of Kyckr Directors in Kyckr Shares and other Kyckr securities

As at the Last Practicable Date, the Kyckr Directors have the following interests in securities of Kyckr:¹⁷

Kyckr Director	Position	Kyckr Shares held by or on behalf of the Kyckr Director (and % of total issued share capital)	Kyckr Options held by or on behalf of the Kyckr Director (and % of total Kyckr Options on issue)	Kyckr Performance Rights held by or on behalf of the Kyckr Director
Rajarshi Ray	Independent Non-Executive Chair	2,856,296 (0.53%)	2,111,540 (14.58%)	Nil
Karina Kwan	Independent Non-Executive Director	1,305,766 (0.24%)	983,797 (6.79%)	Nil
George Venardos	Independent Non-Executive Director	762,670 ¹⁸ (0.14%)	2,111,540 (14.58%)	Nil
Total		4,924,732 (0.91%)	5,206,877 (35.94%)	Nil

No Kyckr Director acquired or disposed of a Relevant Interest in any Kyckr Shares during the four months before the date of this Scheme Booklet, other than the acquisition of Kyckr Shares by the Independent Non-Executive Chair, Mr Rajarshi Ray, as disclosed in his change of director's interest notice lodged with ASX on 28 April 2022.¹⁹

Kyckr Directors, or entities controlled by them, who hold Kyckr Shares will be entitled to vote at the Scheme Meeting and, if the Scheme is implemented, receive the Scheme Consideration along with the other Scheme Shareholders.

Each Kyckr Director intends to vote, or procure the voting of, all Kyckr Shares controlled, or held by or on behalf of, them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders.

Please refer to Section 3.5 for details regarding the treatment of Kyckr Performance Rights and Kyckr Options if the Scheme becomes Effective. None of the Kyckr Directors holds any

¹⁷ This table includes the Kyckr Performance Rights and Kyckr Options referred to in Section 3.5.

¹⁸ Held through Quinsuper Pty Ltd atf Venardos Super Fund.

¹⁹ Mr Rajarshi Ray acquired 500,000 Kyckr Shares for a total consideration of \$28,508.80 between 21 – 28 April 2022.

Kyckr Performance Rights. The Kyckr Options held by or on behalf of the Kyckr Directors will be cancelled on the Effective Date in accordance with the procedures set out in Section 3.5.

Kyckr Shareholders should have regard to the Kyckr Options held by the Kyckr Directors as set out above when considering their recommendation on the Scheme in respect of the Scheme Consideration, which appears throughout this Scheme Booklet. The Kyckr Board considers that, notwithstanding these arrangements (which will have no impact on the Scheme Consideration paid to Kyckr Shareholders), it is appropriate for the Kyckr Directors to make such a recommendation, given the relatively small value of the consideration payable to Kyckr Directors to cancel their Kyckr Options and the importance of the Scheme and their role as directors of Kyckr.

9.3 **Other benefits and agreements**

(a) **Interests of Kyckr Directors in RealWise**

No Kyckr Director has a Relevant Interest in any securities of RealWise or any of its Related Bodies Corporate.

(b) **Benefits in connection with retirement from office**

Other than the matters described in this Scheme Booklet, there is no payment or other benefit that is proposed to be made or given to any Kyckr Director, secretary or executive officer of Kyckr (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in Kyckr (or any of its Related Bodies Corporate) as a result of the Scheme.

(c) **Deeds of access, indemnity and insurance**

Kyckr has entered into deeds of access, indemnity and insurance with the Kyckr Directors, Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**)²⁰, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for Kyckr to indemnify each of these officeholders against any liability which they may incur arising from, or in connection with, their position as an officer of Kyckr, to the extent permitted by law.

Kyckr also pays a premium in respect of a directors and officers insurance policy for the benefit of the directors, CEO and CFO of the Kyckr Group. If the Scheme is implemented, Kyckr may enter into arrangements to provide insurance coverage for all current Kyckr Directors and officers for up to seven years from the Implementation Date (**D&O Policy**).

As at the Last Practicable Date, Kyckr expects that the premium for entry into such run-off arrangement will be approximately \$316,000 (plus taxes and charges). The entry into such arrangements by Kyckr is permitted by clause 14.3 of the Scheme Implementation Deed. In addition, under clause 14.3(c) of the Scheme Implementation Deed, RealWise must ensure that Kyckr does not vary or cancel the D&O Policy or take any action that may prejudice any claim by a director or officer of Kyckr under the D&O policy (unless required under the D&O Policy).

(d) **Benefits from RealWise**

None of the Kyckr Directors has agreed to receive, or is entitled to receive, any benefit from RealWise or any of its Related Bodies Corporate, which is conditional on, or is related to, the Scheme other than in their capacity as a Kyckr Shareholder.

²⁰ The CFO, Glenn Day, is also the company secretary of Kyckr.

(e) **Interests of Kyckr Directors in contracts with RealWise**

None of the Kyckr Directors has any interest in any contract entered into by RealWise or any of its Related Bodies Corporate.

(f) **Agreements or arrangements connected with or conditional on the Scheme**

Other than as disclosed in this Scheme Booklet, there are no agreements or arrangements made between any Kyckr Director and any other person in connection with, or conditional on, the outcome of the Scheme.

9.4 **Scheme Implementation Deed**

(a) **Introduction**

On 6 July 2022, Kyckr announced that it had entered into the Scheme Implementation Deed with RealWise under which it is proposed that RealWise will acquire all of the Scheme Shares on issue by way of the Scheme.

A full copy of the Scheme Implementation Deed was attached to Kyckr's announcement to the ASX (www.asx.com.au). A copy can also be obtained from Kyckr's website at www.kyckr.com/investors. A summary of the Scheme Implementation Deed is set out below.

(b) **Scheme Consideration**

If the Scheme is implemented, Scheme Shareholders will receive the Scheme Consideration (payable by RealWise) of \$0.08 cash per Kyckr Share held by them on the Scheme Record Date.

(c) **Conditions Precedent**

The Scheme is subject to the satisfaction or waiver (as applicable) of the following Conditions Precedent. Kyckr and RealWise must use their reasonable endeavours to satisfy, or procure the satisfaction of, these Conditions Precedent.

As far as the Kyckr Board is aware, as at the date of this Scheme Booklet, no circumstances have occurred which are likely to cause any of the Conditions Precedent not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until 8.00am on the Second Court Date. In the event of any material change in status, Kyckr will inform Kyckr Shareholders of the status of the Conditions Precedent through an announcement to ASX.

Summary of Conditions Precedent

- **Restraints:** No law, statute, ordinance, regulation, rule, temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any Court of competent jurisdiction or Governmental Agency or other legal restraint or prohibition preventing, prohibiting or materially restricting the implementation of the Scheme is in effect at 8.00am on the Second Court Date.
- **Shareholder approval:** Kyckr Shareholder approve the Scheme by the Requisite Majorities at the Scheme Meeting.
- **Court approval:** The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.
- **No Prescribed Occurrence:** No Prescribed Occurrence occurs between 6 July 2022 and 8.00am on the Second Court Date.

- **No Material Adverse Change:** There is no Material Adverse Change between 6 July 2022 and 8.00am on the Second Court Date.
- **Independent Expert's Report:** The Independent Expert provides the Independent Expert's Report which concludes that the Scheme is in the best interests of Kyckr Shareholders and does not publicly change or withdraw its conclusion before 8.00am on the Second Court Date.
- **Kyckr Performance Rights and Options:** Before 8.00am on the Second Court Date, arrangements have been put in place that result in no Kyckr Performance Rights and Kyckr Options are in existence on the Scheme Record Date.

No Material Adverse Change

The "No Material Adverse Change" condition will be triggered if a Material Adverse Change occurs between the date of the Scheme Implementation Deed (6 July 2022) and 8.00am on the Second Court Date (**MAC period**).

In summary, and subject to certain exceptions, a Material Adverse Change includes:

- an event that occurs in the MAC period referred to above that (individually or when aggregated with other events) has or is reasonably likely to have the effect of diminishing the annual revenue of the Kyckr Group by more than \$400,000; or
- any of the following events that occur in the MAC period:
 - a serious ransomware or cyberattack that results in a significant outage of Kyckr's systems or that is reasonably likely to result in material loss of Kyckr's reputation or a material loss of trust in Kyckr, its business or its systems;
 - a substantial or reportable data leak or data exfiltration affecting Kyckr or any of the data or information it owns, controls or holds (including customer data);
 - a substantial or reportable General Data Protection Regulation or similar data privacy law breach that is reasonably likely to result in material loss of Kyckr's reputation or a material loss of trust in Kyckr, its business or its systems; or
 - any improper acts or omissions of or by one or more of Kyckr's officers, directors or senior managers that is reasonably likely to result in material loss of Kyckr's reputation or a material loss of trust in Kyckr, its business or its systems.

(d) **Kyckr Board recommendation**

Kyckr is required to ensure that:

- the Kyckr Board unanimously recommends that Kyckr Shareholders vote in favour of the Scheme (subject to no Superior Proposal emerging and the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders); and
- the Scheme Booklet and all public announcements by Kyckr in relation to the Scheme will include a statement by each Kyckr Director that he or she intends to vote in favour of the Scheme in respect of all Kyckr Shares controlled or held by, or on behalf of, that Kyckr Director (subject to the same qualifications as above).

The Kyckr Board can change or withdraw its recommendation and voting intention in certain limited circumstances. This includes if the Independent Expert concludes that the Scheme is not in the best interests of Kyckr Shareholders, or if Kyckr receives a Competing Proposal which the Kyckr Board determines (after RealWise has exercised any matching rights) constitutes a Superior Proposal. A break fee may be payable by Kyckr in certain circumstances where there is a change of recommendation by the Kyckr Board or Directors (described at Section 9.4(h) below).

(e) **Conduct of business**

Subject to certain exceptions, until the Implementation Date, Kyckr must (amongst other things) ensure that each member of the Kyckr Group:

- conducts and operates its businesses in the ordinary and usual course and in a manner substantially consistent with the manner in which those businesses have been conducted in the 12 months prior to the date of the Scheme Implementation Deed;
- use all reasonable endeavours to:
 - preserve their relationships with customers, suppliers, landlords, licensors, licensees and others having material business dealings with them;
 - maintain the condition of its business and assets in accordance with the ordinary course of its business;
 - maintain each of its material authorisations, accreditations and licences applicable to each member of the Kyckr Group held by that member as at the date of the Scheme Implementation Deed;
 - comply in all material respects with all material contracts, and with laws, authorisations and licences applicable to each member of the Kyckr Group; and
 - retain the services of all key employees.

Kyckr must not undertake certain specific activities relating to the conduct of its business without the consent of RealWise.

(f) **Representations and warranties**

The Scheme Implementation Deed contains customary representations and warranties given by each of Kyckr and RealWise to each other, including that RealWise has available to it sufficient cash amounts (whether from internal cash reserves or otherwise) to satisfy its obligations to pay the Scheme Consideration in accordance with its obligations under the Scheme Implementation Deed, the Scheme and the Deed Poll.

(g) **Exclusivity**

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of RealWise. These arrangements are in line with market practice in this regard and are summarised as follows:

- **No-shop:** During the Exclusivity Period, Kyckr must not and must ensure that its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly solicit, invite, initiate or encourage any Competing Proposal, or any enquiries, proposals, discussions or negotiations in relation to or which could reasonably be expected to lead to, a Competing Proposal, or communicate any intention to do any of these things.

- **No-talk:** Subject to the “fiduciary out” exception, during the Exclusivity Period, Kyckr must not, and must ensure that its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly, negotiate or enter into or participate in negotiations or discussions with any Third Party, or communicate any intention to do any of these things, in relation to (or which may reasonably be expected to lead to) a Competing Proposal.
- **No due diligence:** Subject to the “fiduciary out” exception, during the Exclusivity Period, Kyckr must not, and must ensure that its Related Bodies Corporate and their Authorised Persons do not, directly or indirectly disclose or otherwise make available to any Third Party any non-public information relating to Kyckr, for the purposes of such person formulating, developing or finalising a Competing Proposal, or communicate any intention to do any of those things.
- **Fiduciary out:** The “no-talk” and “no due diligence” restrictions do not apply to restrict Kyckr, its Related Bodies Corporate and their respective Authorised Persons from taking or refusing to take any action with respect to a bona fide, actual, proposed or potential Competing Proposal, provided that the Kyckr Board has determined in good faith after:
 - having consulted Kyckr’s financial advisers, that the Competing Proposal is or may reasonably be expected to lead to a Superior Proposal; and
 - receiving advice from Kyckr’s external Australian legal advisers that failing to take the action or refusing to take the action with respect to the Competing Proposal would, or would be reasonably likely to, constitute a breach of any of the fiduciary or statutory duties of the directors of Kyckr.
- **Notification of approaches:** During the Exclusivity Period, Kyckr must promptly (and, in any event within 48 hours) notify RealWise if it becomes aware of any approach, inquiry or proposal made by any Third Party to initiate any discussions or negotiations that concern (or that could reasonably be expected to lead to) a Competing Proposal, and any request for information relating to Kyckr or its Related Bodies Corporate or any of their business and operations in connection with a Third Party formulating a Competing Proposal. Such notice must include the material terms and conditions of the Competing Proposal (to the extent of Kyckr’s knowledge).
- **Matching right:** If Kyckr receives a Competing Proposal and as a result, during the Exclusivity Period, any Kyckr Director proposes to either:
 - change, withdraw or modify his or her recommendation of the Scheme; or
 - approve or recommend entry into any agreement, commitment, arrangement or understanding relating to the Competing Proposal,

Kyckr must ensure that no Kyckr Director does so until each of the following has occurred:

- Kyckr has given RealWise written notice (**Relevant Notice**) of the Kyckr Director’s proposal to take the above action regarding changing, withdrawing or modifying their recommendation or approving or recommending entry into a Competing Proposal;
- Kyckr has given RealWise all material details of the proposal;
- RealWise’s matching rights have been exhausted; and

- the Kyckr Directors have made the determination contemplated by the “fiduciary out” exception in respect of that Competing Proposal after RealWise’s matching rights have been exhausted and after evaluation of any Counter Proposal.

If Kyckr gives a Relevant Notice to RealWise, RealWise has the right, but not the obligation, at any time during the period of 4 Business Days following receipt of the Relevant Notice, to amend the terms of the Transaction including the amount of consideration offered under the Transaction or proposing any other form of transaction and provide written notice of the Counter Proposal to Kyckr. The Kyckr Board must review the Counter Proposal in good faith. If the Kyckr Board determines that the Counter Proposal would be more favourable to Kyckr and the Kyckr Shareholders as a whole than the Competing Proposal, then Kyckr and RealWise must use their reasonable endeavours to agree the amendments to this Scheme Implementation Deed that are reasonably necessary to reflect the Counter Proposal and to enter into an amended agreement to give effect to those amendments and those implement the Counter Proposal, and Kyckr must use its reasonable endeavours to procure that the Kyckr directors recommend the Counter Proposal to the Shareholders and not recommend the applicable Competing Proposal.

(h) **Kyckr Break Fee**

Kyckr must pay RealWise the Kyckr Break Fee (being \$400,000) if:

- **(Change in recommendation)** at any time before the End Date (or if earlier, the date of termination of the Scheme Implementation Deed), the Kyckr Board withdraws or adversely modifies its recommendation that Kyckr Shareholders vote in favour of the Scheme, other than where:
 - the withdrawal or adverse modification is as a result of the Independent Expert opining that the Scheme is not in the best interests of Scheme Shareholders (other than where the reason for that opinion is a Competing Proposal); or
 - the withdrawal or adverse modification is required by a Court, ASIC, the Takeovers Panel or Governmental Agency; or
 - Kyckr has terminated the Scheme Implementation Deed for material breach by RealWise or where the Scheme is not approved by Scheme Shareholders;
- **(Competing Proposal)** a Competing Proposal is announced before the End Date (or if earlier, the date of termination of the Scheme Implementation Deed) and within 9 months of the announcement, the Competing Proposal results in a Third Party obtaining Control of Kyckr, merging or amalgamating with Kyckr or acquiring (directly or indirectly) an interest in all or a substantial part of the business or assets of the Kyckr Group; or
- **(Material breach)** RealWise has terminated the Scheme Implementation Deed for material breach by Kyckr, including of Kyckr’s representations and warranties, and the Transaction does not complete.

(i) **RealWise Break Fee**

RealWise has agreed to pay Kyckr the RealWise Break Fee (being \$400,000) if Kyckr terminates the Scheme Implementation Deed following a material breach by RealWise, including of RealWise’s representations and warranties, and the Transaction does not complete.

(j) **Termination**

Either Kyckr or RealWise may terminate the Scheme Implementation Deed if:

- **(Material breach)** the other party is in material breach of any of its obligations under the Scheme Implementation Deed, or a representation and warranty given by the other party is not true and correct (where that breach is material in the context of the Transaction as a whole), provided that:
 - the party wishing to terminate has given written notice to the other party in a timely manner setting out details of the relevant circumstance and stating an intention to terminate the Scheme Implementation Deed; and
 - the other party in breach has failed to remedy the breach within 15 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) from the time notice was given.
- **(Failure of Conditions Precedent)** in relation to a Condition Precedent:
 - a consultation notice has been served on the other party within 5 Business Days due to the non-satisfaction of a Condition Precedent or a Condition Precedent becomes incapable of being satisfied, and in either case the Condition Precedent has not been waived by the time and date specified in the Scheme Implementation Deed for the satisfaction of that Condition Precedent;
 - after consultation in good faith with the other party, the parties are unable to reach agreement within 5 Business days (on the terms on which the relevant Condition Precedent may be waived, any extension of time for the satisfaction of the Condition Precedent or the End Date, whether to change the date of the application to be made to the Court for orders to approve the Scheme, whether the Transaction can proceed by alternative means or methods); and
 - within 5 Business Days after delivery of the consultation notice (or if a consultation notice is not given within this timeframe), either party may terminate the Scheme Implementation Deed by notice to the other without any liability to any party by reason of that termination alone,

provided that the failure to satisfy the relevant Condition Precedent is not as a result of a breach of the Scheme Implementation Deed or by the terminating party or a deliberate act or omission by that party which directly and materially contributed to that Condition not being satisfied.
- **(Scheme not approved)** if Kyckr Shareholders do not approve the Scheme at the Scheme Meeting by the Requisite Majorities.
- **(End Date)** if the Scheme has not occurred, or will not occur, on or before the End Date.

In addition, RealWise may also terminate the Scheme Implementation Deed if any Kyckr Director (other than as expressly permitted by the Scheme Implementation Deed):

- changes, withdraws, modifies or qualifies his or her recommendation of the Scheme or voting intention statement in support of the Scheme in the manner contemplated by Section 9.4(d); or
- recommends or supports a Competing Proposal.

Kyckr may also terminate the Scheme Implementation Deed if a majority of the Kyckr Board has changed, withdrawn or modified their recommendation of the Scheme.

Please refer to Sections 9.4(h) and 9.4(i) for an overview of when the Kyckr Break Fee and the RealWise Break Fee may be payable by Kyckr or RealWise respectively.

9.5 **ASIC relief and ASX waivers**

Kyckr has applied for, and ASX has granted Kyckr, a waiver of Listing Rule 6.23.2 to the extent necessary to permit the treatment of the Kyckr Options as set out in Section 3.5.

No ASIC relief was sought for the purposes of the Scheme or the issue of this Scheme Booklet.

9.6 **Consents**

The following parties have given, and have not withdrawn before the time of registration of this Scheme Booklet with ASIC, their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Latimer Partners as financial adviser to Kyckr;
- Addisons as legal adviser to Kyckr;
- Nexia Sydney Tax Advisory Pty Ltd as tax adviser to Kyckr;
- Kroll Australia Pty Ltd as the Independent Expert; and
- Boardroom Pty Limited as the Kyckr Share Registry.

Kroll Australia Pty Ltd has consented to the inclusion of the Independent Expert's Report in Annexure A to this Scheme Booklet and has consented to all references to the Independent Expert's Report and all statements extracted from, or based on, the Independent Expert's Report, in the form and context in which each such reference and statement is included.

Nexia Sydney Tax Advisory Pty Ltd has consented to the inclusion of the information set out in Section 8 in the form and context in which it appears in this Scheme Booklet, and to the references to that information in this Scheme Booklet being made in the form and context in which each such references are included.

Each person referred to in this Section 9.6:

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in this Section 9.6;
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that person as specified in this Section 9.6.

RealWise:

- has assumed and accepted responsibility for the preparation and inclusion of the RealWise Information; and

- has given, and has not withdrawn before the time of registration of this Scheme Booklet with ASIC, its consent to the inclusion of the RealWise Information in this Scheme Booklet, and the references to the RealWise Information in the form and context in which they are included in this Scheme Booklet.

Mr Richard White has given, and has not withdrawn before the time of registration of this Scheme Booklet with ASIC, his consent to be named in this Scheme Booklet in the form and context in which he is named, and the references to him in the form and context in which they are included in this Scheme Booklet.

9.7 **Transaction costs**

Each of the persons named in this Section as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees in accordance with their normal basis of charging.

If the Scheme is implemented, Kyckr estimates to pay an aggregate amount of approximately \$1.4 million (excluding GST) in transaction costs in connection with the Scheme. This includes adviser fees (including for Kyckr's financial, legal and tax advisers), the Independent Expert's fees, registry, printing and mailing costs and expenses associated with convening and holding the Scheme Meeting (but excludes the cost of the run-off D&O Policy referred to in Section 9.3(c)). Of this amount, approximately \$0.5 million (excluding GST) will be incurred regardless of whether or not the Scheme is implemented (excluding any Kyckr Break Fee that may be payable to RealWise). Further details of the estimated approximate transaction costs are set out below (assuming the Scheme is implemented):

- Financial adviser fees – fixed fee of \$20,000 plus success fee of \$870,000
- Legal fees – \$350,000
- Tax adviser fees – \$6,500
- Independent Expert fees – \$125,000
- Scheme Meeting costs – \$17,300
- Printing, mailing and other costs and expenses – \$11,200.

9.8 **Other material information**

Except as set out in this Scheme Booklet (including in the Independent Expert's Report), there is no other information material to the making of a decision by a Kyckr Shareholder whether or not to vote in favour of the Scheme, being information that is within the knowledge of any Kyckr Director which has not previously been disclosed to Kyckr Shareholders.

9.9 **Supplementary information**

Kyckr will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Effective Date:

- a material statement in the Scheme Booklet is or becomes false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or

- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Kyckr may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Kyckr Shareholders at their registered address as shown in the Kyckr Share Register, or by email for Kyckr Shareholders who have elected to receive communications electronically; or
- posting a statement on Kyckr's website at www.kyckr.com/investors as Kyckr, in its absolute discretion, considers appropriate.

Any supplementary document issued by Kyckr will be subject to approval from ASIC and the Court.

10. Glossary

The meaning of the terms used in this Scheme Booklet are set out below.

Term	Meaning
\$	Australian dollars
Accounting Standards	<ul style="list-style-type: none">a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; andb) generally accepted accounting principles that are consistently applied in Australia except where those inconsistent with the standards or requirements referred to in paragraph (a)
Adviser	any person who is engaged to provide professional advice of any type (including legal, accounting, consulting or financial advice) to Kyckr or RealWise
Announcement Date	6 July 2022, being the date of announcement of the Scheme to the ASX
ASIC	Australian Securities and Investments Commission
Associate	has the meaning given to it in the Corporations Act
ASX	ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate
ASX Listing Rules	the listing rules of ASX
ATO	Australian Taxation Office
Authorised Person	means, in respect of a person: <ul style="list-style-type: none">a) a director, officer, agent or employee of the person;b) an Adviser of the person; andc) a director, officer or employee of an Adviser of the person.
Business Day	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney
CGT	Australian capital gains tax
CHESS	the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited (ACN 008 504 532), which provides for the electronic transfer, settlement and registration of securities.
Competing Proposal	any proposal, offer or transaction by a Third Party that, if completed substantially in accordance with its terms, would result in: <ul style="list-style-type: none">a) a Third Party:<ul style="list-style-type: none">i. acquiring a relevant interest or voting power in 15% or more of the Kyckr Shares;ii. acquiring, obtaining a right to acquire, or otherwise obtaining a legal, beneficial or economic interest (including by way of equity

Term	Meaning
	<p>swap or other synthetic, economic or derivative transaction) in 15% or more of the Kyckr Shares;</p> <p>iii. directly or indirectly acquiring, obtaining a right to acquire, or otherwise obtaining a legal, beneficial or economic interest in all or a substantial part of the business conducted by, or assets or property of, Kyckr or Kyckr Group (taken as a whole);</p> <p>iv. acquiring Control of Kyckr; or</p> <p>v. otherwise acquiring, or merging with, Kyckr; or</p> <p>b) Kyckr or RealWise being required to abandon, or otherwise fail to proceed with, the Transaction,</p> <p>whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership, synthetic merger, deed of company arrangements, debt for equity arrangement or any proposal by Kyckr to implement any reorganisation of capital or other transaction or arrangement</p>
Conditions Precedent or Conditions	the conditions precedent to implementation of the Scheme set out in clause 3.1 of the Scheme Implementation Deed
Control	has the meaning given in section 50AA of the Corporations Act
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Counter Proposal	has the meaning given to that term in clause 10.6(c) of the Scheme Implementation Deed
Court	the Supreme Court of New South Wales or any other court of competent jurisdiction under the Corporations Act as Kyckr and RealWise may agree in writing
Deed Poll	a deed poll in the form attached at Annexure C, executed by RealWise in favour of the Scheme Shareholders
Disclosure Letter	the disclosure letter provided by Kyckr to RealWise and countersigned by RealWise on 6 July 2022
Disclosure Materials	the information and materials disclosed by or on behalf of the Kyckr Group to any RealWise Group member or its Authorised Persons pursuant to or as described in the Disclosure Letter
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	with respect to the Scheme, the date on which the Scheme becomes Effective
End Date	<p>the later of:</p> <p>a) 6 January 2023 (being the date that is 6 months after the date of the Scheme Implementation Deed); or</p> <p>b) such other date and time agreed in writing between RealWise and Kyckr</p>
Excluded	any Kyckr Shareholder that is RealWise or an entity that is wholly-owned by

Term	Meaning
Shareholder	RealWise
Exclusivity Period	the period commencing on the date of the Scheme Implementation Deed and ending on the earliest of: <ul style="list-style-type: none"> a) the End Date; b) the Effective Date; and c) the date the Scheme Implementation Deed is terminated in accordance with its terms
Fairly Disclosed	disclosed in writing to any of that party or any of its Authorised Persons in good faith and in sufficient detail so as to reasonably appraise a party (or one of its Authorised Persons) as to the nature and scope of the relevant matter, event or circumstances
FY	financial year, being the period from 1 July to 30 June (for example, FY22 means the period from 1 July 2021 to 30 June 2022)
Governmental Agency	any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, ASX and any regulatory organisation established under statute or any stock exchange
GST	a goods and services tax, or similar value added tax, levied or imposed in Australia under the GST Law
GST Act	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth)
Implementation Date	with respect to the Scheme, the fifth Business Day, or such other Business Day as Kyckr and RealWise agree, following the Scheme Record Date for the Scheme
Independent Expert	Kroll Australia Pty Ltd (ABN 73 116 738 535)
Independent Expert's Report	the report issued by the Independent Expert in connection with the Scheme, dated 12 September 2022 and attached as Annexure A to the Scheme Booklet, and including any subsequent, updated or supplementary report, setting out the Independent Expert's opinion whether or not the Scheme is in the best interests of Kyckr Shareholders and the reasons for holding that opinion
Insolvency Event	in respect of a person: <ul style="list-style-type: none"> a) (insolvency official) the appointment of a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person and the action is not stayed, withdrawn or dismissed within 14 days; b) (arrangements) the entry by the person into a compromise or arrangement with its creditors generally; c) (winding up) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of

Term	Meaning
	<p>the person) or the making of an application or order for the winding up or deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;</p> <p>d) (ceasing business) the person ceases or threatens to cease to carry on business;</p> <p>e) (insolvency) the person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act;</p> <p>f) (deregistration) the person being deregistered as a company or otherwise dissolved;</p> <p>g) (deed of company arrangement) the person executing a deed of company arrangement;</p> <p>h) (person as trustee or partner) the person incurs a liability while acting or purporting to act as trustee (or co-trustee) or general partner of a trust or partnership (including a limited partnership) and the person is not entitled to be fully indemnified against the liability out of trust or partnership assets because of one or more of the following:</p> <ul style="list-style-type: none"> i. a breach of trust or obligation as partner by the person; ii. the person acting outside the scope of its powers as trustee or partner; iii. a term of the trust or partnership denying, or limiting, the person's right to be indemnified against the liability; iv. the assets of the trust or partnership being insufficient to discharge the liability; or <p>i) (analogous events) anything analogous to those set out in any of paragraphs (a) to (f) inclusive occurs in relation to the person under the laws of a foreign jurisdiction,</p> <p>and a person shall be insolvent if any event specified in paragraphs (a) to (i) inclusive occurs in respect of that person.</p>
Kyckr or Company	Kyckr Limited (ACN 609 323 257)
Kyckr Board	the board of directors of Kyckr as constituted from time to time
Kyckr Break Fee	\$400,000
Kyckr Director	any director of Kyckr comprising part of the Kyckr Board
Kyckr Director Option	has the meaning given in Section 3.5(a)
Kyckr Group	Kyckr and its subsidiaries, Kyckr UK Limited and Kyckr Ireland Limited
Kyckr Information	all information contained in this Scheme Booklet, other than the RealWise Information and the Independent Expert's Report
Kyckr LTIP Option	has the meaning given in Section 3.5(a)
Kyckr Option	an option conferring on its holder the right, but not the obligation, to acquire a Kyckr Share

Term	Meaning
Kyckr Performance Right	a right to be issued a Kyckr Share
Kyckr Share	a fully paid ordinary share in the capital of Kyckr
Kyckr Share Register	the register of members of Kyckr maintained by or on behalf of Kyckr in accordance with section 168(1) of the Corporations Act
Kyckr Share Registry	Boardroom Pty Limited (ACN 003 209 836)
Kyckr Shareholder	each person who is registered in the Kyckr Share Register as a holder of Kyckr Shares
Latimer Partners	Latimer Partners Pty Ltd of Level 24, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000, being the financial adviser to Kyckr
Last Practicable Date	8 September 2022
Material Adverse Change	<p>a) an event, occurrence or matter that occurs, is announced, is disclosed or otherwise becomes known to RealWise (whether it becomes public or not) after the date of the Scheme Implementation Deed, that (individually or when aggregated with other events, occurrences or matters) has or is reasonably likely to have the effect of diminishing the annual revenue of the Kyckr Group by more than \$400,000 (determined in accordance with Accounting Standards); or</p> <p>b) any of the following events, occurrences or matters occurs, is announced, is disclosed or otherwise becomes known to RealWise (whether it becomes public or not) after the date of the Scheme Implementation Deed:</p> <ul style="list-style-type: none"> i. a serious ransomware or cyberattack that results in a significant outage of Kyckr's systems or that is reasonably likely to result in material loss of Kyckr's reputation or a material loss of trust in Kyckr, its business or its systems; ii. a substantial or reportable data leak or data exfiltration affecting Kyckr or any of the data or information it owns, controls or holds (including customer data); iii. a substantial or reportable General Data Protection Regulation or similar data privacy law breach that is reasonably likely to result in material loss of Kyckr's reputation or a material loss of trust in Kyckr, its business or its systems; or iv. any improper acts or omissions of or by one or more of Kyckr's officers, directors or senior managers that is reasonably likely to result in material loss of Kyckr's reputation or a material loss of trust in Kyckr, its business or its systems, <p>other than events, occurrences or matters:</p> <p>c) required to be done, procured by Kyckr, or expressly required or permitted, pursuant to the Scheme Implementation Deed or the Scheme;</p> <p>d) to the extent it was Fairly Disclosed to the ASX in the 12 months before the date of the Scheme Implementation Deed, or was Fairly Disclosed in the Disclosure Materials or in the Relevant Searches;</p>

Term	Meaning
	<p>e) to the extent it was actually known to the RealWise Group prior to the date of the Scheme Implementation Deed (which does not include mere knowledge of the risk of an event, matter or circumstance occurring);</p> <p>f) which RealWise has previously approved or requested in writing;</p> <p>g) which arise from:</p> <ul style="list-style-type: none"> i. changes in exchange rates or interest rates; ii. general economic, political or business conditions; iii. changes to accounting standards or policies, applicable laws, or policies of a Governmental Agency, or the interpretation of any of them; iv. any act of terrorism, outbreak or escalation of war (whether or not declared) or major hostilities, an act of God, lightning, storm, flood, fire, earthquake or explosion, cyclone, tidal wave, landslide, other natural disaster or adverse weather conditions or the like; or v. the COVID-19 virus (or any mutation, variation or derivative), including in connection with lockdowns, travel restrictions, quarantining, closures, social distancing and restrictions of and on activities, venues and gatherings or from any law, order, rule, recommendation, guidance or direction of any Governmental Agency in relation thereto
Meeting Record Date	is currently expected to be 7.00pm (AEDT) on Monday, 17 October 2022, or such other date as may be agreed in writing between Kyckr and RealWise or as may be required by ASIC or ASX
Notice of Scheme Meeting	the notice in relation to the Scheme Meeting set out in Annexure D of this Scheme Booklet
NPAT	net profit after tax
Prescribed Occurrence	<p>the occurrence of any of the following on or after the date of the Scheme Implementation Deed and before 8.00am on the Second Court Date:</p> <ul style="list-style-type: none"> a) Kyckr converts all or any of its shares into a larger or smaller number of shares (see section 254H of the Corporations Act); b) Kyckr resolves to reduce its share capital in any way; c) any member of the Kyckr Group: <ul style="list-style-type: none"> i. enters into a buy-back agreement; or ii. resolves to approve the terms of a buy-back agreement under subsections 257C(1) or 257D(1) of the Corporations Act; d) any member of the Kyckr Group declares, pays or distributes any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital; e) any member of the Kyckr Group issues shares, or grants a performance right, a phantom performance right, or an option over its shares, or agrees to make such an issue or grant such a performance right, phantom performance right or an option; f) any member of the Kyckr Group issues, or agrees to issue, convertible notes; g) any member of the Kyckr Group disposes, or agrees to dispose, of the

Term	Meaning
	<p>whole, or a substantial part, of the business or property of the Kyckr Group;</p> <p>h) any member of the Kyckr Group creates or agrees to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property, other than in the usual and ordinary course of business consistent with past practice; or</p> <p>i) any member of the Kyckr Group becomes Insolvent, provided that a Prescribed Occurrence will not include any matter:</p> <p>j) required to be done or procured by Kyckr pursuant to the Scheme Implementation Deed or Scheme;</p> <p>k) to the extent it is Fairly Disclosed in filings of Kyckr with the ASX in the 12 months prior to the date of the Scheme Implementation Deed;</p> <p>l) to the extent it is Fairly Disclosed in the Disclosure Materials or in the Relevant Searches;</p> <p>m) which is within the actual knowledge of RealWise before the date of the Scheme Implementation Deed;</p> <p>n) required by law, regulation or by an order of a court or Governmental Agency;</p> <p>o) expressly permitted pursuant to the Scheme Implementation Deed; or</p> <p>p) the undertaking of which RealWise has previously approved in writing (which approval must not be unreasonably withheld or delayed)</p>
Proxy Form	the proxy form which accompanies this Scheme Booklet
RealWise	RealWise KYK AV Pty Ltd (ACN 660 041 074)
RealWise Break Fee	\$400,000
RealWise Group	RealWise and any Related Bodies Corporate, and Mr Richard White
RealWise Indemnified Parties	each Authorised Person of a member of the RealWise Group
RealWise Information	<p>means information regarding RealWise that is provided by or on behalf of RealWise to Kyckr in writing for inclusion in the Scheme Booklet, as required by clause 5.2(b) of the Scheme Implementation Deed, which includes the information contained in Section 6, and the answers to the following questions of the Frequently asked questions in Section 2:</p> <ul style="list-style-type: none"> • “Who is RealWise?” • “Who is Mr Richard White?” • “What is RealWise’s intentions for Kyckr?” • “Does RealWise own any Kyckr Shares?” • “How is RealWise funding the Scheme Consideration?” • “Will RealWise or Mr Richard White vote at the Scheme Meeting?”
Registered Address	in relation to a Kyckr Shareholder, the address of the shareholder shown in the Kyckr Share Register as at the Scheme Record Date

Term	Meaning
Related Body Corporate	has the meaning given in section 50 of the Corporations Act
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act
Relevant Searches	has the meaning given to that term pursuant to clause 9.3(c)(iii) of the Scheme Implementation Deed
Requisite Majorities	<p>approval of the Scheme Resolution by:</p> <ul style="list-style-type: none"> at least 75% of the votes cast on the Scheme Resolution by Kyckr Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, corporate representative or attorney); and unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Kyckr Shareholders present and voting at the Scheme Meeting (either in person or virtually, or by proxy, corporate representative or attorney)
Scheme	the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Kyckr and the Scheme Shareholders, the form of which is attached as Annexure B, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Kyckr and RealWise
Scheme Booklet	this document, including each Annexure
Scheme Consideration	the consideration to be provided by RealWise to each Scheme Shareholder for the transfer to RealWise of each Scheme Share, being \$0.08 cash
Scheme Implementation Deed	<p>the Scheme Implementation Deed between Kyckr and RealWise dated 6 July 2022.</p> <p>A summary is set out in Section 9.4 of this Scheme Booklet and a copy is attached in full to Kyckr's ASX announcement on 6 July 2022, which is available on ASX's website at www.asx.com.au and on Kyckr's website at www.kyckr.com/investors</p>
Scheme Meeting	the meeting of Scheme Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting
Scheme Record Date	7.00pm on the third Business Day (or such other Business Day as Kyckr and RealWise agree in writing) following the Effective Date
Scheme Resolution	the resolution to approve the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting
Scheme Share	a Kyckr Share on issue as at the Scheme Record Date other than any Kyckr Share then held by an Excluded Shareholder (but including any such Kyckr Share held on behalf of one or more third parties or otherwise in a fiduciary capacity)
Scheme Shareholder	means a person who holds one or more Scheme Shares as at the Scheme Record Date

Term	Meaning
Second Court Date	means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard
Superior Proposal	a bona fide Competing Proposal which the Kyckr Board determines, acting in good faith and in order to satisfy what the Kyckr Board reasonably considers to be its fiduciary or statutory duties, would, if completed substantially in accordance with its terms, be likely to result in a transaction more favourable to Kyckr Shareholders as a whole than the Transaction (including the latest Counter Proposal provided by RealWise to Kyckr) having regard to all aspects of the Competing Proposal, including consideration, conditionality, funding, certainty and timing and the identity, reputation and financial condition of the proponent
Third Party	a person other than members of the RealWise Group
Transaction	the proposed acquisition by RealWise, in accordance with the terms and conditions of the Scheme Implementation Deed, of all of the Kyckr Shares (other than the Kyckr Shares held by an Excluded Shareholder) through the implementation of the Scheme
Voting Power	has the meaning given in the Corporations Act

Annexure A Independent Expert's Report



The Directors
Kyckr Limited
Level 16
1 Market Street
Sydney NSW 2020

12 September 2022

Dear Directors

Part One – Independent Expert's Report

1 Introduction

On 6 July 2022, Kyckr Limited (**Kyckr**) announced that following an unsolicited approach, it had entered into a Scheme Implementation Deed with RealWise KYK AV Pty Ltd (**RealWise**) under which RealWise would acquire 100% of the shares in Kyckr (**Kyckr Shares**) by way of a scheme of arrangement (the **Scheme**) (together, the **Transaction**).

RealWise is a company wholly owned and controlled by Mr Richard White, a technology entrepreneur and Chief Executive Officer, Executive Director and Founder of WiseTech Global Limited (ASX:WTC) (**WiseTech**). Mr Richard White has a relevant interest in approximately 22.76% of the current issued share capital of Kyckr.

Under the Scheme, Kyckr Shareholders who hold Kyckr Shares on the Effective Date (as defined in the Scheme Implementation Deed) (**Scheme Shareholders**) will receive \$0.08 in cash per Kyckr Share (the **Scheme Consideration**).¹

The Scheme is subject to certain conditions as set out in Section 5.2 of this report.

Kyckr is a company listed on the Australian Securities Exchange (**ASX**) that aggregates, organises and structures primary source data on companies around the world, and uses this data to help businesses reduce the risks associated with counterparty relationships. It is a leading global provider of real-time company registry information on over 120 million businesses globally, sourced from over 300 registers and regulatory sources across more than 100 countries.

As at 5 July 2022, being the last date on which Kyckr Shares traded on the ASX prior to Kyckr announcing the Scheme Implementation Deed with RealWise, Kyckr had a market capitalisation of \$26.3 million.²

A meeting (**Scheme Meeting**) to consider and vote on the Scheme Resolution will be held as a hybrid physical and virtual meeting on 19 October 2022.³ Kyckr Shareholders registered on 17 October 2022 will be entitled to attend and vote on the Scheme Resolution to implement the Scheme. For the Scheme to proceed the Scheme Resolution must be approved by at least 75% of the votes cast by Kyckr Shareholders

¹ The Scheme Consideration is the consideration to be provided by RealWise to each Scheme Shareholder for the transfer to RealWise of each Scheme Share, being \$0.08 cash.

² Calculated as the closing share price of \$0.049 multiplied by 537,599,849 ordinary shares.

³ Any meetings of Kyckr Shareholders as holders of Kyckr Shares, ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the scheme of arrangement.

and 50% in number of Kyckr Shareholders present and voting (in person, virtually or by proxy, representative or attorney).⁴

In order to assist Kyckr Shareholders in assessing the Scheme, the directors of Kyckr (**Kyckr Directors**), have appointed Kroll Australia Pty Ltd (**Kroll**), to prepare an independent expert's report setting out whether, in our opinion, the Scheme is in the best interests of Kyckr Shareholders in the absence of a Superior Proposal (as defined in the Scheme Booklet).

This report sets out Kroll's opinion as to the merits or otherwise of the Scheme and will be included in the Scheme Booklet to be sent to Kyckr Shareholders.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1.

Kroll's Financial Services Guide is contained in Part Two of this report.

2 Scope of report

The Transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act 2001 (Cth) (**Corporations Act**) and requires approval of Kyckr Shareholders. Section 412(1) of the Corporations Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement includes information that is material to the making of a decision by a creditor or member as to whether or not to approve the scheme (being information which is within the knowledge of the directors and has not previously been disclosed to the members).

Part 3 Schedule 8 of the Corporations Regulations specifies that the information to be lodged with the Australian Securities and Investments Commission (**ASIC**) must include a report prepared by an expert:

- if the other party to a reconstruction in a scheme of arrangement holds at least 30% of the company; or
- where the parties to the reconstruction have common Directors.

In the case of the Transaction, a statutory requirement for an independent expert's report does not apply since:

- RealWise's shareholding in Kyckr is less than 30%; and
- the sole director of RealWise is not a director of Kyckr.

In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides in particular, Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert report to consider.

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Section 6 of this report.

3 Opinion

3.1 Background

Kyckr is a leading global provider of real-time company registry information on over 120 million businesses globally, sourced from over 300 registers and regulatory sources across more than 100 countries. Utilising a combination of real-time and accurate data, along with technology, Kyckr's solutions assist businesses meet their Know Your Customer (**KYC**) obligations in relation to money laundering, fraud, and other financial crime.

In 2020, a strategic decision was made to pivot Kyckr to a Business to Business (**B2B**) business information Software as a Service (**SaaS**) model. The result of this strategic direction has been a shift from low margin, individual, pay-as-you-go services, to a higher margin enterprise subscriptions and up-front contracts. This has led to an increase in annual recurring services (**ARR**) reducing volatility in revenue and enhancing certainty of future sales. Subsequent to this change in strategy, Kyckr has experienced accelerating growth in both revenue and ARR.

⁴ Note that Mr Richard White has advised that he intends to abstain from voting at the Scheme Meeting in respect of his approximate 22.76% shareholding. See Section 6.2(c) of the Scheme Booklet for further details.

In addition, the global KYC industry is growing in response to an elevated focus on AML/CTF, growth in sanctions and the need for fraud prevention which is expected to provide continued and improved opportunities for Kyckr going forward.

Notwithstanding the success to date of the change in strategy, the company continues to incur significant operating losses and large negative cash flows as it invests in scale and capabilities. In addition, while the FY23 Budget indicates continued strong growth this is off a low base and there is no certainty that historical growth rates will continue to be achieved.

Furthermore, Kyckr operates in a dynamic and rapidly changing industry. Kyckr is of small scale when compared to some of its peers, and recent consolidation between competitors could lead to changes in the scale required to be profitable in the future should margins compress.

As competitors are continually striving to provide new technologies, solutions and innovative offerings in a bid to capture market share, there is a risk this could lead to Kyckr's existing product and service offerings being superseded, substantially impacting the company's performance and requiring additional investment to remain competitive.

Accordingly, there is a significant risk that Kyckr may need to raise further funds to support the delivery of its strategy prior to becoming cash flow positive. Any future capital raising has the potential to be dilutive to existing Kyckr shareholders.

In summary, although Kyckr has achieved improved financial performance and positive momentum, significant risks remain, and it is in this regard that we have evaluated the offer from RealWise.

3.2 Summary of opinion

In our opinion, we consider the Scheme is in the best interests of Kyckr Shareholders, in the absence of a Superior Proposal.

In arriving at this opinion, we have assessed whether the Scheme is:

- **fair**, by comparing the Scheme Consideration to our assessed value of a Kyckr Share on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111; and
- **reasonable**, by assessing the implications of the Scheme for Kyckr Shareholders, the alternatives to the Scheme that are available to Kyckr, and the consequences for Kyckr Shareholders of not approving the Scheme.

We have assessed the Scheme to be fair and reasonable. Consequently, consistent with RG 111, we have concluded that the Scheme is in the best interests of Kyckr Shareholders, in the absence of a Superior Proposal.

We have assessed the value of a Kyckr Share on a controlling interest basis to be in the range \$0.073 to \$0.084. As the Scheme Consideration of \$0.080 falls within our assessed value range for a Kyckr Share, we consider the Scheme to be fair.

In forming our view as to the value of Kyckr, we have considered a range of factors including Kyckr's position as a market leader in the provision of KYC data, the success achieved in transitioning the company to an enterprise and partnership focused business which generates recurring revenue, the recent and expected strong growth in revenue and ARR, as well as strong KYC industry tailwinds and high barriers to entry. We have balanced these factors by taking into consideration that Kyckr is currently loss making and generates significant cash outflows, its relatively small scale, and the considerable uncertainty associated with Kyckr continuing to achieve high rates of growth.

Our valuation range assumes that Kyckr continues to deliver on its B2B SaaS strategy, achieving strong revenue growth rates. The valuation also assumes that Kyckr does not require additional capital despite being loss making to execute its strategy in the short term, but that it will require all of its existing cash reserves of \$7.5 million, such that no portion of this is considered surplus.

Critically, the Scheme Consideration effectively de-risks the uncertainty associated with Kyckr continuing to achieve high growth and generate future profitable earnings for Kyckr Shareholders. Our analysis of the fairness of the Scheme is detailed further in Section 3.3 of this report.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Scheme to be fair, they are also reasonable. Regardless of this requirement, we have considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme, including:

- the Scheme Consideration represents a substantial premium to the trading price of Kyckr before the announcement of the Transaction and in Kroll's view, represents the best opportunity for Kyckr Shareholders to realise a control value for their shares in the absence of a Superior Proposal;
- in the event that the Scheme is not approved or any other conditions precedent prevent the Scheme from being implemented, Kyckr will continue to operate in its current form and its share price is likely to fall to levels consistent with trading prices prior to the announcement of the Transaction, subject to any future improved financial achievements in the subsequent period and the impact of broader trends in equity markets;
- the Scheme Consideration is in cash and provides certainty of the pre-tax amount that shareholders will receive; and
- no alternative bidder has emerged since the announcement of the Transaction. The likelihood of a Superior Proposal is impacted by the significant premium offered under the Transaction and RealWise's substantial shareholding.

Other matters which Kyckr Shareholders should consider in assessing the Scheme include:

- Kyckr will incur transaction costs if the Scheme does not proceed;
- the conditions precedent which, if not satisfied, will result in the Scheme not being implemented; and
- the tax implications of the Scheme.

Our analysis of the reasonableness of the Scheme is detailed further in Section 3.4 of this report. The decision to approve the Scheme is a matter for individual Kyckr Shareholders based on their views as to value, expectations about future market conditions and their particular circumstances, including investment strategy and portfolio, risk profile and tax position. If in doubt, Kyckr Shareholders should consult their own professional adviser regarding the action they should take in relation to the Scheme.

3.3 The Scheme is fair

3.3.1 Valuation of Kyckr

Kroll has assessed the value of Kyckr's equity to be in the range of \$39.5 million to \$45.7 million, or \$0.073 to \$0.084 per Kyckr Share. Our range of assessed values reflects 100% ownership of Kyckr and, therefore, incorporates a control premium. As a premium for control is included in the valuation, our range of assessed values per share exceeds the price at which we expect Kyckr's shares would trade on the ASX in the absence of the Scheme. The valuation is summarised as follows.

Kyckr Valuation Summary (\$ millions)

	Section Reference	Valuation Range	
		Low	High
Value of Kyckr operating business (100% controlling basis)	9.3	39.5	45.7
Other assets / (liabilities) (net)	9.4	-	-
Kyckr enterprise value (100% controlling basis)		39.5	45.7
Net cash	9.4	-	-
Value of Kyckr equity (100% controlling basis)		39.5	45.7
Number of shares outstanding – diluted (millions)	8.9	543.7	543.7
Value per Kyckr share – diluted (\$)		\$0.073	\$0.084

Source: Kroll analysis.

Our valuation range of \$0.073 to \$0.084 per Kyckr Share reflects a premium over the closing price of Kyckr Shares immediately prior to the announcement of the Transaction of between 49.0% and 71.4%, and a premium to the one-month VWAP in the range of 39.8% to 60.9%. A portion of this premium reflects that our valuation of Kyckr includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. The premium is at the high end of or above premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual circumstances.⁵ In this regard, we note that synergies available to strategic buyers of Kyckr are potentially

⁵ 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

material, with the ability to integrate Kyckr's products and services onto an existing data platform delivering higher revenue growth through immediate scale, access to a wider customer base, and cross-selling opportunities.

However, in our opinion the premium is also likely to reflect the following:

- investors may have been discounting the Kyckr share price prior to the announcement of the Transaction as Kyckr continued to incur large losses and cash outflows potentially, in their view, necessitating further dilutive equity raisings prior to becoming cash flow positive; and
- the period up to one month prior to the 5 July 2022 announcement of the Transaction coincided with a substantial shareholder, Perennial, selling shares on market, reducing its interest in Kyckr from approximately 9.2% as at 23 May 2022 and ceasing to be a substantial shareholder (i.e. an interest of less than 5.0%) on 27 June 2022. We note that the Kyckr share price declined by 19.7% from \$0.061 to \$0.049 during this period.

In assessing the value of Kyckr's operating business, Kroll has had regard to a market approach as a primary methodology. This approach provides an indication of value based on an assessed maintainable level of earnings for Kyckr, multiples at which listed software and technology companies are trading, and multiples implied by transactions involving similar companies for which sufficient information is available (refer to Section 9.3 of this report). The value derived from the market approach has been cross-checked using a discounted cash flow (**DCF**) analysis, an application of the income approach (refer to Section 9.5 of this report).

In forming our view as to the value of Kyckr's equity we have considered a series of factors including:

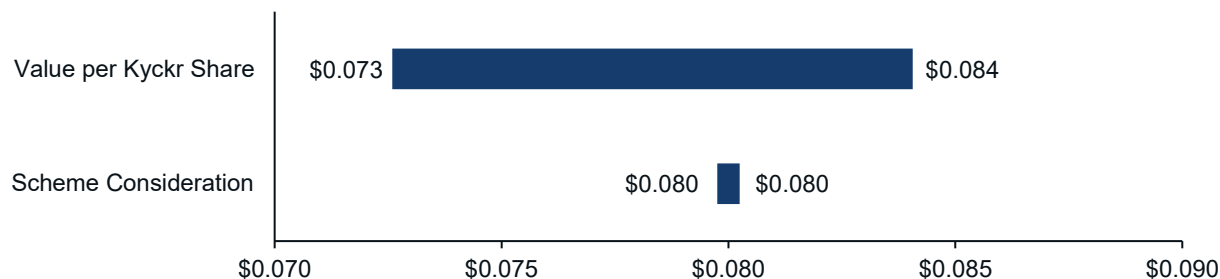
- strong industry tailwinds, with a large addressable market that is growing due to the rising frequency of identity-related and other fraud, greater scrutiny on KYC obligations by regulators, and the developing AML/CTF regulatory pipeline;
- Kyckr's recent high growth in revenue and ARR, acknowledging that it is off a low base, as a result of these industry tailwinds and the success of Kyckr's revised strategy, which is to transition the company to a B2B business information SaaS model with a focus on generating recurring revenue through subscriptions and contracts with enterprise customers, and also through its partnership strategy;
- Kyckr's significant operating losses and cash outflows. There is no certainty that the recent strong revenue growth will continue to be achieved. Accordingly, there is a risk that Kyckr will need to raise further equity to support the delivery of its strategy prior to becoming cash flow positive. There is also considerable uncertainty as to the price at which capital may be raised in the future and the extent of the dilution;
- the valuation assumes that Kyckr does not require additional capital to execute its strategy in the short term but that it will require all of its existing cash reserves of \$7.5 million, such that no portion of this is considered surplus; and
- Kyckr's substantial carried forward income tax losses, however, recognising that the ability to utilise them is extremely uncertain and it is unlikely that an acquirer would attribute significant value to them.

It should also be noted that a valuation of Kyckr in the current macroeconomic and geopolitical environment is complex and requires judgement as to the outlook for markets and the global economy.

3.3.2 Assessment of fairness

A comparison of our assessed value per Kyckr Share, on a control basis, to the Scheme Consideration is illustrated as follows.

Fairness Assessment



Source: Kroll analysis

As the Scheme Consideration falls within the range of values for a Kyckr Share, **the Scheme is fair.**

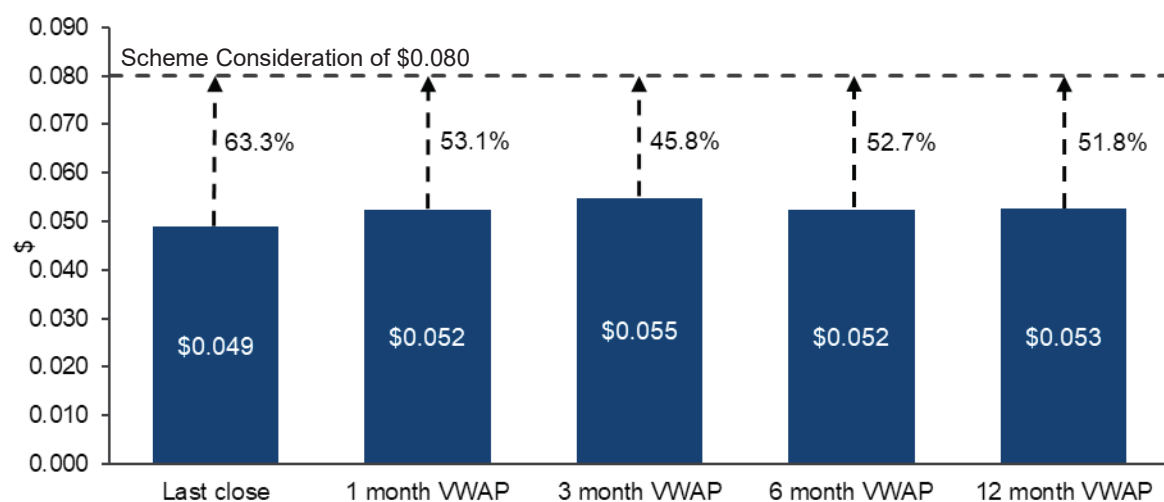
3.4 The Scheme is reasonable

In accordance with RG 111, an offer is reasonable if it is fair. **As we have assessed the Scheme to be fair, it is also reasonable.** However, irrespective of the requirement to conclude the Scheme is reasonable, we have also considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme.

3.4.1 The Scheme Consideration represents a substantial premium to Kyckr trading prices prior to the announcement of the Transaction

The Scheme Consideration of \$0.080 represents a substantial premium to Kyckr's closing price and VWAP calculated over a range of periods up until close on 5 July 2022, the last trading day prior to the announcement of the Transaction.

Premium of Scheme Consideration over the Kyckr Share Price



Source: Kroll analysis

Note 1: The premiums illustrated above have been calculated based on Kyckr's share price and VWAP up until 5 July 2022, being the last date on which Kyckr Shares traded on the ASX prior to Kyckr announcing the Transaction.

The Scheme Consideration represents a substantial premium over recent Kyckr share prices and above the range of premiums typically observed. We note that:

- observations from transaction evidence indicates that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.⁶ However, in transactions where it was estimated the combined entity would be able to achieve significant synergies, the premium was frequently estimated to be in excess of this range. In addition, there is evidence to suggest that control premiums have risen since the COVID-19 pandemic to around 50%, driven by strategically opportunistic deals and supported by lower costs of capital;⁷ and
- the period up to one month prior to 5 July 2022 coincided with a substantial shareholder Perennial Value Management Ltd (**Perennial**) selling shares on market to reduce its interest in Kyckr from approximately 9.2% as at 23 May 2022, to ceasing to be a substantial shareholder (i.e. an interest of less than 5.0%) as at 27 June 2022. This may also have influenced other shareholders to also reduce their holdings. We note that the Kyckr share price declined by 19.7% between 23 May 2022 and 27 June 2022. Therefore, it is likely that this depressed the share price in the lead up to the announcement of the Transaction.

We also note that the Scheme Consideration:

- is materially above the \$0.04 price at which Kyckr raised equity in August, September and October 2021; and
- is above the trading price of Kyckr shares at any time over the last 12 months.

3.4.2 Certainty of value

The Scheme offers Kyckr Shareholders an opportunity to exit their investment in Kyckr at a price that is certain and which, as noted above, incorporates a substantial premium to the trading price prior to the Transaction.

Whilst trading of Kyckr Shares is sufficient to give Kyckr Shareholders confidence that they would be able to exit their investment at a time of their choosing, there is no certainty as to the price at which Kyckr Shareholders would realise their investment at that time.

Furthermore, any future on-market sale by Kyckr Shareholders would likely incur transaction costs, which would be avoided if the Scheme is approved.

3.4.3 Kyckr's share price will likely fall in the absence of the Scheme

The current share price of Kyckr reflects the terms of the Proposal and, therefore, includes a control premium. As such, in the absence of the Proposal, a Superior Proposal or speculation concerning a Superior Proposal, the Kyckr share price is likely to fall to levels consistent with trading prior to the announcement of the Transaction (and prior to the Perennial sell down), with an allowance for:

- subsequent announcements in relation to company specific initiatives or financial performance which the market may assess as value enhancing;
- any industry developments, for example, concerning competition or regulation; and
- the impact of trends in broader equity markets. In this regard, from 5 July 2022 (the last trading day prior to the announcement of the Transaction) until 2 September 2022, the S&P/ASX 200 Index (**ASX 200 Index**) increased by 3.0%.

3.4.4 By exiting their investment in Kyckr, Kyckr Shareholders will not participate in any future growth in the value of Kyckr

By exiting their investment in Kyckr, shareholders will not participate in any future growth in the value of Kyckr. Under the revised strategy Kyckr's revenue and ARR have been growing. However, the business continues to be loss making and cash flow remains negative indicating that there are still substantial risks associated with the quantum and timing of any future growth in value. In addition, there is still significant capital investment required to fund Kyckr's product and technology platform over the short to medium term to achieve profitable scale in the future which carries associated investment and implementation risk. Therefore, there remains the risk of a potentially dilutive equity issue.

⁶ 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

⁷ Source: RSM Australia 2021 Control Premium Study

Whilst not participating in any future growth by exiting their investment, Kyckr shareholders will also not be exposed to any of Kyckr's future risks. These risks are detailed in Section 7.3 of the Scheme Booklet.

3.4.5 Likelihood of a Superior Proposal

Since the announcement of the Proposal, no alternative bidder has emerged. Whilst there will continue to be an opportunity for a Superior Proposal, we consider the likelihood of a Superior Proposal to be impacted by the following:

- it is open for Kyckr Shareholders to vote against the Scheme in the hope that the Kyckr Board will be able to extract an increase in the offer price from RealWise. However, the Transaction is a consequence of negotiations between the Board of Kyckr and Realwise and the Kyckr Board are supporting the Transaction in its current form;
- RealWise currently has a relevant interest in Kyckr shares of approximately 22.76% making it difficult for any other bidder to make an offer without RealWise's support as the interest is large enough to be a blocking stake to compulsory acquisition; and
- the Scheme Consideration represents a significant premium to trading prices immediately preceding the announcement of the Proposal. This is likely to limit the range of potential acquirers, given the need for a competing bid to exceed this offer price.

The following consideration is likely to be influential for an alternative bidder:

- under the Scheme Implementation Deed (**SID**), Kyckr is restricted from either soliciting or entering into discussions with third parties in relation to Superior Proposals (other than as a result of the director fiduciary carve out). Kyckr is also required to notify RealWise should it become aware of any possible Superior Proposal and the Bidder has a last right to match a competing proposal. Further, in certain circumstances, Kyckr is required to pay a break fee to RealWise of \$400,000. Although the likelihood of a Superior Proposal is impacted by these terms, it does not preclude a Superior Proposal from being made. We note that the Kyckr Board would be required under its fiduciary duty to consider the merits of a Superior Proposal should it arise.

3.4.6 Other considerations

In forming our opinion, we have also considered a number of other factors. Whilst we do not necessarily consider these factors to impact our assessment of the reasonableness of the Scheme, we have addressed them as follows.

One-off transaction costs

If the Scheme is not implemented, Kyckr will bear approximately \$0.5 million (excluding GST) in transaction costs that will have been paid or committed prior to the Scheme Meetings.

The Scheme is subject to the satisfaction of certain conditions

There are certain conditions which, if not satisfied, will result in the Scheme not being implemented. If any conditions precedent prevent the Scheme from being implemented, Kyckr Shareholders will continue to hold their existing Kyckr Shares.

Taxation implications for Kyckr Shareholders

General tax implications for Australian tax resident and non-resident shareholders who hold their Kyckr Shares on capital account are outlined in Section 8 of the Scheme Booklet.

Section 8.2 of the Scheme Booklet considers the implications of the disposal of Scheme Securities for both resident and non-resident Kyckr Shareholders. In particular, the disposal of Kyckr Shares will be a capital gains tax event for resident and non-resident Kyckr Shareholders. This means that resident Kyckr Shareholders will need to determine whether a capital gain or a capital loss arises in respect of their disposal of Kyckr shares. Non-resident Kyckr Shareholders will need to determine their own tax outcomes but depending on their circumstances may be able to disregard any capital gain or capital loss that would otherwise arise from the disposal of their Scheme Securities.

We note that Kyckr Shareholders should consider their individual taxation circumstances and review Section 8 of the Scheme Booklet for further information where it applies to their circumstances. Kyckr Shareholders should obtain their own independent professional advice on the tax consequences of disposing of their Kyckr Shares under the Scheme.

3.4.7 Consequences if the Scheme does not proceed

In the event that the Scheme is not approved or any conditions precedent prevent the Scheme from being implemented, Kyckr will continue to operate in its current form and remain listed on the ASX. As a consequence:

- Kyckr Shareholders will continue to be exposed to the risks and benefits associated with an investment in Kyckr, including risks associated with the future growth and profitability, including the potential need to raise further funds before achieving positive cashflows;
- the Kyckr share price will likely fall. The current price of Kyckr Shares reflects the terms of the Scheme and, therefore, includes a control premium. As such, in the absence of the Scheme, a Superior Proposal or speculation concerning a Superior Proposal, the Kyckr share price is likely to fall (refer to Section 3.4.3 of this report); and
- Kyckr will incur an estimated \$0.5 million (excluding GST) of one-off transaction costs in relation to the Scheme.

4 Other matters

Our report has also been prepared in accordance with the relevant provisions of the *Corporations Act 2001* (Cth) (the **Corporations Act**) and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Kyckr Shareholders in considering the Scheme. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Kyckr Shareholders. This advice, therefore, does not consider the financial situation, objectives or needs of individual Kyckr Shareholders.

The decision of Kyckr Shareholders as to whether or not to approve the Scheme is a matter for individual shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the proposed resolutions may be influenced by their particular circumstances, we recommend that individual Kyckr Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information section, are set out in Appendix 2. We have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully



Ian Jedlin
Authorised Representative



Celeste Oakley
Managing Director



Independent Expert's Report
and
Financial Services Guide
in relation to the proposed acquisition of Kyckr Limited



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5 The Scheme

5.1 Overview

On 6 July 2022, the Kyckr Board announced that Kyckr had entered into a Scheme Implementation Deed with RealWise, an entity 100% owned by Mr Richard White. Under the Scheme, Scheme Shareholders will receive \$0.08 in cash per Kyckr Share.

The Kyckr Board has advised that there will be no final dividend declared with respect to 2022.

The Transaction contains a number of conditions as set out in Section 5.2 of this report.

The Kyckr Board unanimously recommends that Kyckr Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to an independent expert concluding that the Scheme is in the best interests of Kyckr Shareholders. Subject to those same qualifications, each Kyckr Director intends to vote all of the Kyckr Shares controlled or held by, or on behalf of, them in favour of the Scheme.

5.2 Conditions precedent

Implementation of the Scheme is subject to certain conditions precedent as set out in Clause 3 of the Scheme Implementation Deed, including but not limited to:

- Kyckr Shareholders approving the Scheme by the requisite majorities at the Scheme Meeting;
- Supreme Court of New South Wales (**Court**) approval;
- no prescribed occurrence, material adverse change or restraints;
- the independent expert concluding that the Scheme is in the best interests of Kyckr Shareholders; and
- no Kyckr Performance Rights or Kyckr Options in existence on the Scheme Record Date (as defined in the Scheme Implementation Deed).

The Scheme Implementation Deed contains customary exclusivity provisions that apply during the Exclusivity Period,⁸ including 'no shop', 'no talk', 'no due diligence' and notification obligations. There is a matching right regime in respect of any competing proposal received by Kyckr. Further, a break fee of \$400,000 may be payable by Kyckr to RealWise in certain circumstances and a reverse break fee of \$400,000 may be payable by RealWise to Kyckr in certain circumstances.

5.3 Transaction costs

If the Scheme is implemented, Kyckr expects that an aggregate of approximately \$1.4 million (excluding GST) in external transaction costs will be paid in connection with the Scheme and an additional amount in respect of directors' and officers' run-off insurance will be paid to cover the period post implementation of the Scheme. The external transaction costs primarily relate to Kyckr's legal, financial, and tax advisers, the independent expert and Kyckr Registry. If the Scheme is not implemented, Kyckr expects that external transaction costs will be approximately \$0.5 million (excluding GST).

6 Scope of the report

6.1 Purpose

The Transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act and requires approval of Kyckr Shareholders. Section 412(1) of the Corporations Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement includes information that is material to the making of a decision by a creditor or member as to whether or not to approve the scheme.

Part 3 Schedule 8 of the Corporations Regulations specifies that the information to be lodged with the ASIC must include a report prepared by an expert:

- if the other party to a reconstruction in a scheme of arrangement holds at least 30% of the company; or

⁸ The Exclusivity Period is the period from and including the date of the Scheme Implementation Deed until the earlier of the date on which the Scheme become effective, the date of termination of the Scheme Implementation Deed or the End Date as defined within the Scheme Implementation Deed.

- where the parties to the reconstruction have common Directors.

The report prepared by the expert must state whether, in the expert's opinion, the proposed scheme of arrangement is in the best interests of the members of the body as a whole and set out the expert's reason(s) for forming that opinion.

In the case of the Transaction, a statutory requirement for an independent expert's report does not apply since:

- RealWise's shareholding in Kyckr is less than 30%; and
- the sole director of RealWise is not a director of Kyckr.

Even where an independent expert's report is not strictly required by the law, it is not uncommon for directors to commission one to ensure they are providing the information that is material to the making of a decision by a creditor or member. Although not required by law, the Kyckr Directors have requested Kroll prepare an independent expert's report for the Scheme.

6.2 Basis of assessment

We have referred to guidance provided by ASIC in its Regulatory Guides in particular, RG 111, which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a scheme of arrangement is in the best interests of shareholders.

RG 111 distinguishes between the analysis required for control transactions and other transactions. RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is 'fair and reasonable' and, as such, incorporates issues as to value. In relation to control transactions, RG 111.10-12 states:

- 'fair and reasonable' is not regarded as a compound phrase;
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer;
- the comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash;
- the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison; and
- an offer is 'reasonable' if it is 'fair'. An offer might be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.13 sets out the factors an expert might consider in assessing whether an offer is reasonable:

- the bidder's pre-existing voting power in securities in the target;
- other significant share holding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder, such as particular technology, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of members.

RG 111.21 states that if an expert would conclude that a proposal was 'not fair but reasonable' if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.11 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer. This comparison can be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding

of the bidder or its associates in the target entity. That is, RG 111.11 requires the value of the target to be assessed as if the bidder was acquiring 100% of the issued equity (i.e. on a controlling interest basis). In addition, any special value of the 'target' to a particular 'bidder' (e.g. synergies that are not available to other bidders) should not be taken into account under the comparison.

Accordingly, when assessing the full underlying value of Kyckr, we have considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of Kyckr. As such, we have not included the value of special benefits that may be unique to RealWise.

7 Industry

7.1 Overview

Any business handling transactions is required, by law in most countries, to verify the identity of its customers in order to prevent the occurrence of corruption, money-laundering, and terrorism financing. Non-compliance with these regulations can lead to heavy penalties, damaged reputations, and a loss of customers' trust. This is generally referred to as the requirement to KYC.⁹ By way of example, in 2020, Westpac Banking Corporation was handed a civil penalty of \$1.3 billion for serious alleged breaches of the Anti-Money Laundering/Counter Terrorism Financing (**AML/CTF**) Act.

As part of this industry Kyckr is a global data provider, enabling real-time access to company information and registry filings via a single platform. Also within this industry are different organisations who provide various products or combination of products (i.e. data, software systems) all with the purpose of enabling organisations to meet their KYC obligations.

7.2 Understanding the global KYC industry

The global KYC industry is growing in response to increasing challenges, particularly within the financial services sector, arising from an elevated focus on AML/CTF, growth in sanctions and the need for fraud prevention. The KYC industry is characterised by:

- increased international focus on strengthening AML/CTF regimes globally through the Financial Action Task Force (**FATF**), including requirements for countries to prevent the misuse of legal persons for money laundering or terrorist financing and to ensure that there is adequate, accurate and up-to-date information on the beneficial ownership and control of legal persons;
- substantial penalties being applied to financial institutions by AML/CTF regulators across many jurisdictions globally, and the high costs associated with AML/CTF and sanctions compliance;
- as part of supply chain management, organisations are increasingly required to know the identity of their suppliers; and
- increased use of sanctions to manage countries, companies, and individuals of international concern, including those from Iran and North Korea and more recently Russia, combined with the extra-territorial application of sanctions laws by US authorities, including the imposition of large fines on global financial institutions.

KYC services include client business verification, beneficial ownership identification and assistance in the process of risk assessment.

7.3 Competitive Landscape

7.3.1 Overview

Within the KYC industry is a broad range of companies comprising primarily:

- *Providers that have evolved from credit agencies* – are able to leverage their databases of commercial entities and have other purpose-built KYC and screening tools. These include, Experian, Equifax, TransUnion;
- *Data aggregators* – which have broader access to and use information for purposes other than credit worthiness. These include Bloomberg, IHS Markit, Refinitiv, Bureau Van Dijk; and

⁹ The terms 'know your customer', 'know your client' and 'know your business' (**KYB**) are often used interchangeably within the industry, but fundamentally refer to the same process.

- *Specialist Data Providers* – independent companies which offer specific data capabilities. These include Comply Advantage, Encompass, InfoTrack, Kompany, Kyckr and OpenCorporates.

7.3.2 Barriers to entry

There are substantial barriers to entry for the KYC industry, including:

- *Company registry access* – as regulation tightens, KYC businesses are increasingly attempting to establish direct connections with the company registries of various jurisdictions (e.g. in Australia, companies are required to register with the Australian Securities and Investments Commission (ASIC)) in order to source verifiable primary-source information. It requires substantial time and investment to establish and maintain these relationships and agree the appropriate contractual arrangements. There are significant barriers to entry for new entrants to establish and maintain relationships with this many government registries in the short-term;
- *Software* – significant investment is required in order to be able to provide real-time, automated services to clients; and
- *Breadth of services* - there are many established providers such as Refinitiv that provide other AML/CTF tools (such as screening) as part of their existing relationships with large financial institutions and AML/CTF platform providers, making it more difficult for new competitors who don't have the same depth of offerings.

7.4 Industry growth drivers and trends

It is difficult to assess the total market for KYC solutions. However, it is estimated that the global anti-laundering software market, which forms one part of the total market, is expected to grow from US\$2.11 billion in 2021 to US\$6.16 billion in 2028, at an average of 16.6% per annum.¹⁰ Further, according to LexisNexis, in 2020 the estimated total cost of financial crime compliance across financial institutions worldwide was \$213.9 billion, up from \$180.9 billion in 2019.¹¹

Factors, including the increasing pressure on financial institutions to effectively manage AML/CTF and sanctions at a lower cost, and the rising frequency of identity-related and other fraud, are all contributing to growing market demand for KYC services.

7.4.1 Key drivers

The key drivers for the KYC industry are detailed below:

- *Time, cost and effort*: the increase in global government regulation means organisations are finding it increasingly difficult to meet their compliance obligations internally, due to manually intensive processes and the pace of change, as well as rising costs;
- *Slowing the pace of business* - intensive manual processes mean that the process of identity verification can be extremely slow;
- *Regulatory change* - the global increase in, and enforcement of, AML/CTF and sanctions related regulation is driving the need for increased sophistication of service offerings;
- *Threat of enforcement* – the cost of, and impact of enforcement has substantially increased in relation to sanctions resulting in a heightened imperative for compliance; and
- *Increased identity fraud* - the use by criminals of another person's identifying information without consent to obtain a benefit continues to increase, with the identity fraud cost in the United States of America (US) estimated at over US\$56 billion in 2020.¹²

The impact of these key drivers is a changing environment for service providers whereby:

- *outsourcing* – the increasingly stringent regulation is leading to an increase in outsourcing to specialist KYC providers as organisations find it increasingly difficult to keep up with the regulatory changes; and
- *technological advancements* – the need for intelligent systems that reduce risk and increase operational efficiency.

¹⁰ Source: The Insight Partners "Anti-Money Laundering Software Market Forecast to 2028".

¹¹ Source: LexisNexis Risk Solutions "Global True Cost of Compliance 2020" report.

¹² Source: Javelin Strategy & Research "2021 Identity Fraud Study".

7.5 Regulatory Environment

The main regulations that impact the KYC industry are in relation to AML/CTF and sanctions.

AML/CTF laws have become significantly more complex and onerous post the September 11, 2001, Terrorist Attacks and the Global Financial Crisis of 2008. As a result, adhering to regulatory obligations presents one of the greatest business challenges today. In relation to AML/CTF, the FATF standards have been adopted by over 200 countries. This includes the European Union (EU) Sixth Money-Laundering Directive (6 AMLD), the Bank Secrecy Act in the US and equivalent laws in other jurisdictions globally.

In relation to sanctions, a principal driver of regulation is the United States, which has imposed sanctions on a number of countries, entities and individuals around the world. These sanctions, laws and regulations are principally administered by the US Department of the Treasury, Office of Foreign Assets Control (OFAC) and, in some respects, the US Department of State. US sanctions also have the capacity to restrict activity by non-US persons. It is also generally unlawful for any person, even a non-US person to engage in any conduct that causes others to violate US sanctions.

In 2022, Western countries responded to the escalation of the Russia-Ukraine conflict with multiple economic measures, including the introduction of various sanctions targeting certain Russian nationals and companies. In this context, an increasing number of financial institutions, manufacturers and service providers around the world were required to quickly sever ties with Russian companies and effectively adapt their processes to meet the new compliance requirements.

8 Profile of Kyckr

8.1 Overview

Kyckr is a B2B services company in the KYC market that aggregates, organises and structures primary source data on companies around the world, and uses this data to help businesses reduce the risks associated with counterparty relationships. Kyckr's bespoke data enables organisations to verify, onboard and monitor their clients with near real-time access to intelligence data, allowing businesses to meet their KYC obligations and comply with AML/CTF requirements.

The company is a leading global provider of real-time company registry information on over 120 million businesses globally, sourced from over 300 registers and regulatory sources across more than 100 countries. Utilising a combination of real-time and accurate data, along with technology, Kyckr's solutions assist businesses meet their KYC obligations in relation to money laundering, fraud, and other financial crime. The solutions provided by Kyckr are also being used increasingly beyond regulatory compliance by companies who wish to scrutinise who they are getting into business with, allowing sales opportunities for use cases beyond KYC compliance.

As at 5 July 2022, the last trading day prior to Kyckr announcing it had entered into the Scheme Implementation Deed with RealWise, Kyckr had a market capitalisation of \$26.3 million.¹³

8.2 Background and corporate structure

Kyckr was borne out of Global Business Register Limited (GBR), a company established in March 2007 by founders Ben Cronin and Rob Leslie, which was incorporated in Waterford, Ireland. At the time, GBR was the first private commercial distributor of the European Business Register, distributing and selling official corporate data on companies across the European Union.

Over the following decade, GBR developed a commercially proven suite of KYC products that provided one of the most extensive real-time networks to official corporate data sources globally. Their suite of innovative products and the developing KYC regulatory landscape meant that GBR quickly attracted a blue-chip client base. As of 2016, GBR had a network providing real-time access to over 70 million legal entities, from 150 regulatory sources in 88 countries.

Kyckr is an Australian company that was incorporated in November 2015 specifically to acquire GBR. Together with the acquisition of GBR, the combined company was to be listed as Kyckr on the Australian Securities Exchange (ASX) through an initial public offering (IPO), which would raise \$5.2 million¹⁴ for investment in global expansion opportunities, including sales expansion in Europe and Asia Pacific, further research and development of GBR's existing technology, and to repay all outstanding debts of GBR. Kyckr

¹³ Calculated as closing share price of \$0.049 multiplied by 537,599,849 ordinary shares.

¹⁴ The IPO incurred transaction costs of \$1.054 million of which \$450,000 were capitalised against equity.

completed the acquisition of GBR on 31 August 2016¹⁵ with GBR then becoming a wholly owned subsidiary of Kyckr. The company commenced trading on the ASX on 7 September 2016.

Between listing and 2021, Kyckr secured additional funds through placements and share purchase plans (**SPP**) (see Section 8.2.2 of this report) for investment in sales growth and implementation of new technologies. Some of the key developments were as follows:

- *Information Technology (IT) development* – continued development of enterprise capabilities and investment in IT infrastructure to support demands from new enterprise clients;
- *Functionality enhancements* – an increase in primary data sources, with real-time connections expanded to over 200 corporate registries, which included Japanese and Chinese registries. There were also investments in Elastic Search, AI and data intelligence for better insights and optimised data delivery;
- *Onboarding of new blue-chip clients*; and
- *Expansion of the product suite* – including the launch of Kyckr.com and a new and improved portal.

Kyckr operates out of Australia (Sydney), Germany (Munich), Ireland (Waterford) and United Kingdom (London). Kyckr's head office is based in Sydney, where it manages its ASX reporting requirements, and its product development, sales, and operations functions are managed from the United Kingdom and the Waterford office.

8.2.1 Strategy

Prior to 2020, Kyckr had a data-oriented value proposition in which it provided corporate registry documents at a mark-up on a pay-as-you-go basis through a simple web portal. Kyckr's customers, outside of a few key enterprise customers, primarily consisted of KYC analysts, accountants, and other ad-hoc discretionary customers who would typically make fewer than five purchases per year. Under this business model, Kyckr's customer base was characterised as high churn and high volume.

Kyckr identified an opportunity to use software to deliver enhanced KYC solutions and drive value into its product suite, which would enable deeper customer relationships and recurring revenues. Regulatory tailwinds appeared the introduction of the EU's Fourth Anti-Money Laundering Directive (**4AMLD**), which required companies to perform deeper KYC investigation (including verification of Ultimate Beneficial Owners (**UBOs**)), and the EU's Fifth Anti-Money Laundering Directive (**5AMLD**) which required ongoing monitoring of clients to ensure they continue to meet regulatory KYC standards beyond the customer onboarding process. The opportunity to develop deeper and longer customer relationships would remove the risks associated with the volatile pay-as-you-go revenue stream, as enterprise customers were to be migrated to contracted or subscription-based services with higher visibility and certainty in revenues.

In 2020, a strategic decision was made to pivot Kyckr to a B2B Business Information SaaS model. The goal was to drive growth in ARR by transforming Kyckr's service offering and business model from a commoditised data vendor to a modern, technologically advanced B2B information business. Kyckr's focus shifted from low margin, individual, pay-as-you-go services, to higher margin enterprise subscriptions and contracts with ARR that reduced volatility and enhanced certainty in sales revenues. New software modules were also created to address the changes in regulation, including UBO Verify and international extension of Company Watch.

Other key elements to the new strategy included:

- Further investment in sales and marketing;
- Acceleration of revenue through an extension of the Partner Strategy, while building direct enterprise customer relationships;¹⁶
- Cost reductions, including outsourcing of tech functions to more cost-effective partners; and
- Targeting of customers beyond onboarding and remediation solutions, and extending target sectors beyond financial services companies.

¹⁵ As per Note 27 of the 2017 Annual Report, total consideration was \$11.785 million of which \$2.6 million related to performance shares which were deferred.

¹⁶ The method of classification for Kyckr's customer accounts has evolved over time, with the use of the term 'enterprise' now reserved for customers with multiple user accounts. This has resulted in smaller clients being included in this segment.

Most existing enterprise clients have since been transitioned away from pay-as-you-go contractual arrangements to pre-paid ARR contracts. Net revenue retention (**NRR**),¹⁷ a measure of the growth in revenue of existing ARR customers over a set period, was 153% in FY22, demonstrating the success in transferring existing customers onto the new style of contract.

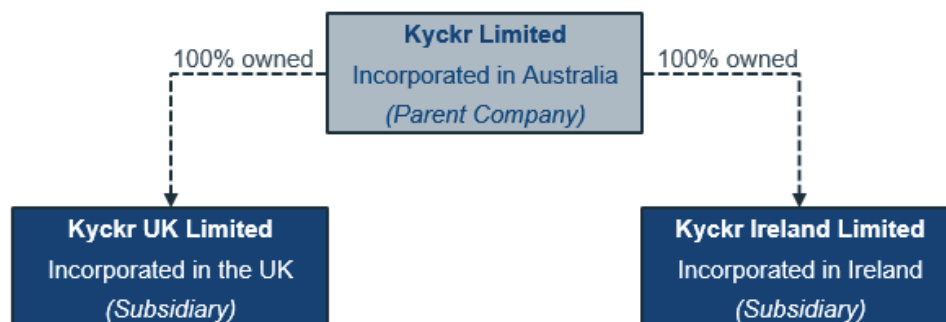
8.2.2 Capital Raisings

Since listing on the ASX in September 2016, Kyckr has raised capital on numerous occasions to enable the company to embark on its strategy of global sales expansion, and further research and development of its products and technology. A summary of these capital raisings (before costs) are as follows:

- in October 2017, Kyckr raised \$2.0 million at an issue price of \$0.17 per share via an oversubscribed placement that received strong support from institutional, sophisticated and professional investors;
- in June 2018, the company successfully raised \$5.35 million at \$0.14 per share through a share placement to institutional and sophisticated investors;
- in August and September 2019, Kyckr raised \$5.2 million at 6.6 cents per share, via a share placement to new and existing institutional and private investors. The placement saw Mr Richard White, founder and CEO of WiseTech Global Limited, become a substantial investor in Kyckr;
- in June and July 2020, Kyckr raised \$8.7 million, comprising of a \$8.0 million share placement to institutional and sophisticated investors, and a \$0.7 million SPP for existing shareholders.¹⁸ New shares were issued at \$0.08 per share; and
- in August, September and October 2021, Kyckr raised approximately \$7.5 million at \$0.04 per fully paid ordinary share through a two-tranche Placement and Share purchase plan (**SPP**). Demand for the two placements was in excess of availability and strongly supported by major investors including Mr. Richard White, Regal Funds Management Pty Ltd, and Perennial Value Management. The SPP offer was oversubscribed by eight times compared to the \$0.5 million that was initially intended to be raised, and so the amount raised under the SPP was subsequently raised to \$1.75 million.

8.2.3 Corporate structure

The corporate structure of Kyckr is summarised as follows.



Source: Kyckr

- Kyckr's head office is in Sydney, Australia, where its Board of Directors, Chief Financial Officer and Company Secretary are based. It is through this office that its ASX reporting requirements are managed.
- Kyckr Ireland Limited (**Kyckr Ireland**), a wholly owned subsidiary incorporated in Ireland, is responsible for Service Delivery, Finance, and Product and Development functions. It is through this subsidiary that Kyckr's Intellectual Property (**IP**) is owned, and where it enters contractual relationships with Customers and Partners.
- Kyckr UK Limited (**Kyckr UK**), a wholly owned subsidiary incorporated in London, is also responsible for elements of Kyckr's Management, Sales, Marketing, and Product and Development functions.

¹⁷ NRR is calculated as ARR at the beginning of the financial year (A), plus contract upgrades less revenue lost through downgrades and churn during the financial year, divided by A.

¹⁸ The SPP was originally announced as \$2.0 million but was undersubscribed.

8.3 Operations

8.3.1 Overview

As discussed, KYC laws have become significantly more complex and onerous post the September 11, 2001, Terrorist Attacks and the Global Financial Crisis of 2008, to the extent that adhering to regulatory obligations presents one of the greatest business challenges today. Kyckr provides businesses with the key data to enable them to comply with the KYC regulations in various jurisdictions. It uses technology to bring about as much automation as possible to aggregate, structure and organise this data.

Kyckr's core capability has been built around its global network of corporate registry connections. Through this network, Kyckr is able to provide clients and partners with access to up-to-date company information from legally authoritative sources, which is a core requirement in the fulfillment of KYC obligations. While AML was Kyckr's original go-to-market service and remains central to its business model, the company has been able to enrich this data and extend the addressable market to cover areas including e-commerce, investment management and supply chain management. The provision of real-time company information for entity verification purposes rather than KYC purposes has allowed Kyckr to offer solutions beyond regulated financial services, reducing sales cycles and allowing recurring revenues as a business information SaaS model.¹⁹

8.3.2 Business model

As previously outlined, in 2020 Kyckr made a strategic decision to pivot towards an Enterprise SaaS model. The goal was to drive growth in ARR by innovating Kyckr's service offering and business model from the commoditised data vendor to a modern, technologically advanced B2B Information business. As part of this process, Kyckr's business model was overhauled, including its pricing model, sales approach, product strategy and commercial model.

Kyckr creates value for enterprise customers through three primary activities:

1. *The aggregation of primary data sources, with real-time connection*

The level of automation in Kyckr's suite of products is high compared to many of its competitors. It is connected to over 300 regulatory sources (such as the Australian Securities and Investments Commission (ASIC)) across 100 countries, along with other sources of information to make best in class and the most legally compliant KYC decisions. There are significant barriers to entry for new entrants to establish and maintain relationships with this many government registries in the short-term.

The majority of the information Kyckr retrieves is in real-time at the point of request, from a range of primary government sources with whom it has built connections. This is based on a long history of working within the registry landscape.

An advantage of the real-time information that Kyckr provides is that it is typically the most current and legally authoritative information available for that company. This provides clients with the most verifiable data that satisfies relevant KYC regulatory obligations in various jurisdictions. Kyckr also does not store or retain the majority of the data, but passes it directly on to its clients from its sources, a point of difference from some other data aggregators and credit agencies which store data, which can become out of date and non-compliant.

As part of Kyckr's focus on value-add productivity solutions, the company continues to integrate additional primary data sources across new jurisdictions to provide a more comprehensive network of digital data sources for their clients.

2. *Data enrichment, which includes standardising structured data and combining multiple sources of data into a single customer view*

Kyckr adds value to the original data sources by normalising the data format into a format which can be automatically read and analysed by machines. This includes extracting data from unstructured documents (such as PDFs, images, written text or scanned documents) through optical character recognition into usable digital formats, removing the complexity of multiple documents from multiple sources to deliver clients with a single, standardised document, that to the extent possible is consistent across jurisdictions.

3. *Embedding Kyckr's network into a customer's enterprise processes through software automation*

¹⁹ Entity verification refers to a first stage due diligence process whereby business identity and registration is immediately checked against registers at the customer sign-up stage, to ensure that only legally registered, active entities can access services.

Kyckr has launched products that embed their data into a client's key processes, including:

- UBO Verify – for API and Portal clients, which covers a number of European and Asia Pacific financial centres;
- SaaS Enterprise Portal UX – a new portal experience with integrated UBO, structured data functionality; and
- Entity Verification Application – an application designed and built to provide a high volume of quick initial KYC checks on customers for companies in the CRM marketplace, e-commerce and payments sectors.

Kyckr generates revenue by charging customers for its services on a value-based, per use basis. The amount Kyckr charges for each use depends on the source of primary data (for example, it costs more to access company registry information in Australia than in the UK) and the amount of data required. Kyckr then charges a mark-up on the cost of the data retrieval. Kyckr's focus is on generating ARR and subscription revenues, which lead to higher margins.

Enterprise customers are typically placed on up-front contracts, whereby an annual spend is estimated and received at the commencement of the contract. With this embedded subscription service, clients are assigned with credit value and can spend this credit. There are several individual legacy users who continue to purchase documents on a discretionary, pay-as-you-go basis via the Kyckr portal, however these remaining accounts will be targeted for conversion to Enterprise subscriptions on the new Kyckr portal over FY23.

Online customers can use the services on a pay-as-you-go basis through the internet portal.

8.3.3 Overview of products

An overview of Kyckr's product suite is outlined in the following table:

Product	Description
Company Information	<ul style="list-style-type: none"> ▪ Provides clients with access to real-time and legally authoritative company information, sourced from a network of over 300 corporate registries. ▪ Types of information clients can access includes structured company profiles (Lite and Enhanced profiles) and registry documents. <ul style="list-style-type: none"> ▪ A 'Lite Profile' includes the basic registration information allowing for entity verification, including company name, registration information, address, legal form and status, and company activity. ▪ An 'Enhanced Profile' includes all information contained in a 'Lite Profile' plus where available at the corporate registry, information on company officials, shareholders and share capital structure, and UBOs. ▪ The requested information is enriched and standardised into a single structured company profile, which is time and date stamped with the name and logo of the relevant corporate registry, giving customers audit-friendly data that satisfies relevant AML regulatory obligations. ▪ Kyckr also offers over 1,000 different types of original PDF registry documents on its network, such as registry extracts, annual accounts and articles of association. Each document is unaltered by Kyckr, apart from the addition of a time and date stamp and registry logo. The majority of documents are retrieved and delivered in 15 minutes or less. ▪ Using Kyckr's company information product saves clients from having to allocate resources to access disparate, difficult to retrieve registry resources, or the relationship friction that comes from asking counterparties to send through the information needed to verify their identity.
Company Watch	<ul style="list-style-type: none"> ▪ Allows customers to obtain the most accurate client information with real-time monitoring and automatic updates of company information as the new information becomes available. ▪ Automates the company monitoring process, allowing customers to retain the most up-to-date and accurate information perpetually. ▪ Kyckr customers can refresh corporate information including status, share capital, ownership & control, formation documents and articles, financials and accounts, liquidator and insolvency documents, and special resolutions.

UBO Verify²⁰	<ul style="list-style-type: none"> ▪ Speeds up the process of identifying UBOs and the ownership structure of a given entity. ▪ Utilising Kyckr's unique registry network, shareholder information is extracted in real-time from the corporate registry, returning accurate, current and legally authoritative information.
Data Cleanse	<ul style="list-style-type: none"> ▪ Aligns a customer's existing information to data from a verified, primary source corporate registry, highlighting deficiencies in the dataset and providing candidate information for remediation purposes. ▪ When combined with the Kyckr API, the matching process can be automated and the cleansed data provided without manual remediation. ▪ Kyckr's Data Cleanse allows customers to ensure they continually meet regulatory standard around customer data quality.

Source: Kyckr

8.3.4 Solutions

Kyckr's suite of products allows the following KYC solutions:

Solution	Description
Entity Verification	<ul style="list-style-type: none"> ▪ Entity verification allows a customer to perform first stage due diligence on a business at sign-up, where the businesses identity and registration is immediately checked against registers to ensure that only legally registered, active entities can access services. ▪ Entity verification is a quick process, which generally takes up to 30 seconds. ▪ Widely used by e-commerce and payments companies to verify business identity at sign-up.
Onboarding	<ul style="list-style-type: none"> ▪ Completing KYB checks at the customer onboarding stage is a process required by the law in certain countries. It is also often completed by businesses as part of their due diligence process, even when not required by law. ▪ Completing accurate records at the time of customer onboarding is a complex task encompassing several, typically manual processes. It is also a major cause of customer friction. ▪ Kyckr's API automates the sourcing of legally authoritative company and shareholder information. The service is fully configurable to meet the individual needs of KYC and Onboarding teams and can be integrated with all major software systems used to capture customer information.
Data Cleansing	<ul style="list-style-type: none"> ▪ The EU's 5AMLD requires that companies ensure that documents, data or information held on customers are kept up to date. ▪ Kyckr's Data Cleanse technology makes data cleansing and remediation a simple and fast process. The cleansing of supplied customer data is an automated process which aligns a customer's records against global company registries, identifying and addressing any discrepancies.
Monitoring	<ul style="list-style-type: none"> ▪ Effective monitoring to comply with the 5AMLD is a time-consuming, repetitive and complex process without the right access to current and accurate information sources. ▪ Kyckr's Company Watch enables continuous and automated tracking of registry changes for monitored clients.

Source: Kyckr

8.3.5 Clients

Kyckr's target market includes enterprises and partners that support enterprises who onboard a significant number of clients/customers (typically, those onboarding more than 1,000 customers per annum), driving the need for efficiency benefits through data aggregation, as well as enterprises that are subject to AML

²⁰ UBO Verify is a product launched as a partnership between Kyckr and Simple KYC Pty Ltd (**Simple KYC**). The product utilises Kyckr's registry data with Simple KYC's software capabilities. Kyckr management advises that the UBO Verify product is at an early stage in its lifecycle and that first revenues are likely to be generated in Financial Year (**FY**)23, with continual improvement of the product expected through FY23 and FY24 to drive product and market fit.

regulation and are often under regulatory scrutiny, which creates the need for data that has provable accuracy and authenticity. Therefore, the primary sector focus is financial services firms (i.e. banks, insurers, and payments providers).

As the global trend towards better data quality for counterparty verification increases, new opportunities are emerging across other non-financial sectors, including the legal, e-commerce, logistics and supply chain sectors, where customers want to verify entities for counter-party risk purposes, rather than to comply with KYC obligations.

Kyckr has a blue-chip enterprise client base which includes:

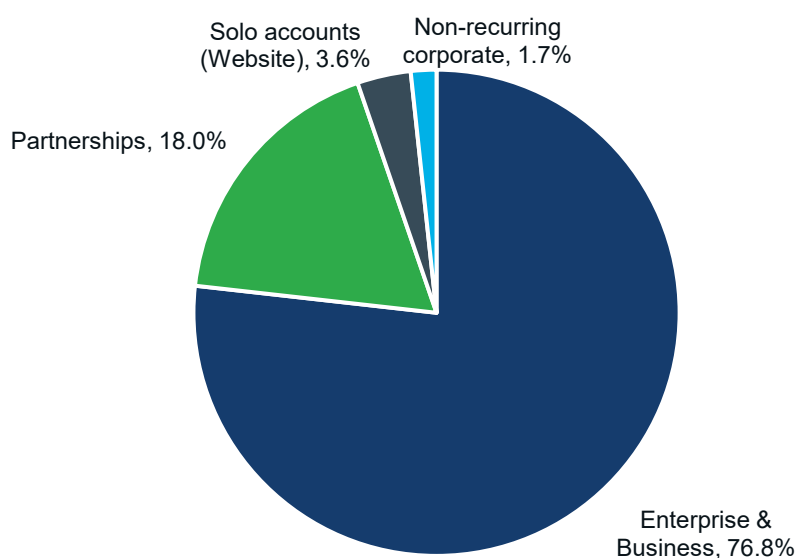
- five of the world's ten largest non-Chinese banks by market capitalisation, providing data and software to support KYC onboarding;
- two of the world's top five payment companies by transaction volume, enabling fast entity verification in the account opening process; and
- one of the big four professional services providers, for whom Kyckr is the primary data supplier for KYC processes.

Approximately 55.8% of Kyckr's FY22 revenue was sourced from its top three clients, while 78.0% of revenue was sourced from its top 10 clients.

8.4 Revenue generation and growth drivers

The following chart shows FY22 revenue sources by account classification:

Percentage FY22 Revenue by Account Classification



Source: Kyckr, Kroll analysis.

Kyckr's revenues are influenced by the following key revenue growth drivers:

- *Growth in the addressable market* – attributable to increases in cyber-crime and money laundering;
- *Changing regulatory landscape* – including further sanctions or regulatory changes to KYC requirements. Monetisation opportunities from existing regulatory changes, such as KYC monitoring requirements and UBO identification (from the 4AML and 5AML), have yet to gain traction in the corporate world;
- *Focus on partnerships and enterprise customers than solo customers* – Kyckr's new business model is value-based pricing, ARR focused subscription revenues, which drive higher margins. These contract sizes are far larger enabling faster growth. Also, an increased volume of partners will assist in creating new revenue channels; and
- *Professionalisation of KYC* – in-house KYC processes are labour intensive, time consuming and expensive. Demand for top tier KYC solutions (those that are automated, fast, efficient, compliant, and scalable) are lifting enterprise demand for KYC services. Kyckr's ability to access direct primary company data sources, with smart automation and systems integration at low cost or no sort, ensuring perpetual data quality, is a differentiator for Kyckr's platforms relative to its competitors.

8.5 Impacts of the COVID-19 pandemic

Kyckr's business is largely driven by the amount of new business customer onboarding that is occurring within the economy. During the early stages of the COVID-19 pandemic, Kyckr management identified a slowdown in customer onboarding by their clients in the final two months of FY20.

As part of the Australian Government's response to the COVID-19 pandemic, temporary cash flow boosts were allocated to small and medium businesses during the economic downturn. In total, Kyckr received \$92,676 in assistance from the program. No assistance was received from either the UK or Irish Governments.

8.6 Financial performance

8.6.1 Historical financial performance

Kyckr's consolidated financial performance for FY19 to FY22 is summarised as follows.

Kyckr Financial Performance (\$'000s)

	FY19 Audited	FY20 Audited	FY21 Audited	FY22 Audited
Online revenue ¹	415.6	403.5	188.9	137.0
Enterprise and partner revenue ¹	1,723.1	1,995.8	2,529.3	3,707.1
Operating revenue²	2,138.7	2,399.3	2,718.2	3,844.2
Cost of sales	(886.3)	(1,044.6)	(1,177.0)	(1,774.6)
Gross profit	1,252.3	1,354.7	1,541.2	2,069.6
General and administrative expenses	(1,209.8)	(2,319.9)	(2,938.3)	(2,853.9)
Employee benefit expenses	(3,499.9)	(3,171.0)	(3,195.0)	(4,150.0)
Other operating expenses	(653.2)	(652.5)	(783.1)	(764.7)
Net foreign exchange gains/(losses)	(5.1)	(42.0)	8.4	(19.8)
Allowance for expected credit losses	(89.2)	-	-	-
Underlying EBITDA³	(4,204.7)	(4,830.7)	(5,366.9)	(5,718.8)
Other income ⁴	1,871.9	315.0	46.3	-
Goodwill impairment	(3,801.7)	-	-	-
EBITDA	(6,134.5)	(4,515.8)	(5,320.6)	(5,718.8)
Depreciation and amortisation	(62.7)	(400.8)	(253.6)	(236.2)
EBIT⁵	(6,197.2)	(4,916.6)	(5,574.2)	(5,955.0)
Net interest income/(expense)	71.4	8.8	31.0	13.9
Profit/(Loss) before income tax expense	(6,125.8)	(4,907.8)	(5,543.1)	(5,941.1)
Income tax expense	-	-	-	-
Profit/(Loss) after income tax expense	(6,125.8)	(4,907.8)	(5,543.1)	(5,941.1)
Operating				
Number of ARR clients and partners ⁶	-	4	23	42
Number of Enterprise clients and partners ⁷	42	47	62	73
Financial				
Gross profit margin ⁸	58.6%	56.5%	56.7%	53.8%
Underlying EBITDA margin ⁹	(196.6%)	(201.3%)	(197.4%)	(148.8%)
Annual Recurring Revenue (ARR) ¹⁰	-	500.0	1,500.0	4,155.0
ARR growth	nmf ¹¹	nmf	200%	177%
Profitability				
Operating revenue growth	24.0%	12.2%	13.3%	41.4%
Operating expenses growth	7.9%	13.3%	11.7%	12.7%
Underlying EBITDA growth	(5.0%)	(14.9%)	(11.1%)	(6.6%)

Source: Kyckr and Kroll analysis

Notes:

1. In FY19 and FY20, 'Kyckr for Business' was included in 'Online revenue'. From FY21 onwards, 'Enterprise and Partner revenue' includes partners and multi-user accounts on pay-as-you-go or subscription basis, while 'Online revenue' relates to solo users only. For consistency, FY19 and FY20 'Kyckr for Business' revenue has been included as 'Enterprise and partner revenue' to illustrate trends in declining online revenue and growing enterprise revenue.
2. Operating revenue excludes other income including net foreign exchange gains, net fair value gains on liabilities, income received as government grants, gains on cancellation of leases, or interest revenue.

3. Underlying EBITDA is profit/(loss) before depreciation, amortisation, net interest income/(expense), income tax and other income/(expenses), and differs from statutory EBITDA, which includes other income/(expenses) and significant items.
4. Other income includes: government grants received from the Australian Government comprising of cash boost support payments in response to the Coronavirus ('COVID-19') pandemic; net gains on financial liabilities mostly comprised of a contingent consideration relating to the acquisition of Kyckr Ireland on 1 September 2016, and represents 13,000,000 Performance Shares that were issued which will convert to fully paid ordinary shares on a one-for-one basis upon meeting certain vesting conditions. In FY19 there was a \$1,871,855 reduction in the fair value of this contingent consideration.
5. EBIT is profit/(loss) before net interest expenses and income tax.
6. ARR clients are a subset of the Enterprise clients and partners.
7. The number of Enterprise clients and partners includes 'Kyckr for business' clients.
8. Gross profit margin is cost of sales (direct costs and consumables used) divided by operating revenue.
9. Underlying EBITDA margin is underlying EBITDA divided by operating revenue.
10. Annual recurring revenue (ARR) is calculated on the basis of the contract value for ARR Clients (that is, clients that are on subscription agreements) at the later of their signing or renewal, normalised for 12 months and as such reflects the estimated subscription based-revenue for the following 12 months assuming subscriptions are renewed.
11. 'nmf' is not meaningful.

With regard to the financial performance summarised above, we note the following:

- reflected in the revenues from FY21 onwards is Kyckr's strategic decision to reduce the emphasis on non-enterprise online activities, and to instead focus on revenue opportunities from enterprise clients and partners. The underlying revenue growth in Kyckr's Enterprise business was 26.7% in FY21 and 46.6% in FY22, driven by the investment in both enterprise client and partner engagement. Significant reductions in demand were seen for non-enterprise online activities, with less investment on search engine optimisation directing significantly less traffic to the site. Online revenues declined by 67.0% between FY19 and FY22;
- during FY22, 53.3% of revenue was recognised in relation to clients and partners invoiced on an advance contract basis. For FY21 that amount was approximately 34.0%;
- overall operating revenue (excluding other income) increased by 79.7%, or \$1.7 million, between FY19 and FY22, driven by significant growth in enterprise revenue from existing clients, new client wins in new segments of the financial services market and adjacent market segments, and the addition of new products and solutions. Revenue growth of 41.4% in FY22 resulted from a combination of investment in both enterprise client and partner engagement, as well as continued focus on lucrative revenue opportunities from international corporate clients rather than non-enterprise online activities;
- operating expenses grew from \$5.5 million in FY19 to \$7.8 million in FY22 at an average of 12.6% per annum as a result of increased investment in the business. Operating expenses in FY22 were mainly comprised of employee benefits (\$4.2 million) and software maintenance expenses (\$1.9 million) which relate to outsourced tech functions;
- as a result of the substantial increases in operating expenses from FY19 to FY22, underlying EBITDA losses increased from \$4.2 million in FY19 to \$5.7 million in FY22. Underlying EBITDA margin, however, has improved since FY20 (when it was negative 201.3%) to be negative 148.8% in FY22; and
- in FY19 there was a one-off goodwill impairment which related to value-in-use calculations for the cash generating unit, Kyckr Ireland Limited. This impairment was partially offset by gains on financial liabilities, which related to the fair value of contingent consideration (see Note 4 of the Financial Performance table for more information on the contingent consideration).

8.6.2 FY23 Budget

Following receipt of the initial unsolicited, non-binding and confidential proposal from RealWise in June 2022, Kyckr provided a budget (prepared for internal purposes including for setting of staff incentives) to RealWise in respect of the financial year ending 30 June 2023 (**FY23 Budget**). The improved offer from RealWise was made after the provision of that budget. The FY23 Budget is not a forecast, as it is a target for what Kyckr seeks to achieve and is not an estimate of future performance.

That FY23 Budget is as follows:

Kyckr FY22 Actuals versus FY23 Budget (\$'000s)

	FY22A	FY23B ¹	Change
Annual Recurring Revenue (ARR)	4,155	9,469	128%
Revenue	3,844	6,976	81%
Direct costs and consumables	(1,775)	(2,906)	64%
Gross Profit	2,070	4,070	97%
Operating Expenses	(7,788)	(8,864)	14%
EBITDA (loss)	(5,719)	(4,794)	16%

Source: Kyckr

Note:

1. FY23B is FY23 Budgeted figures

In relation to the FY23 outlook we note as follows:

- ARR is calculated on the basis of the contract value for ARR Clients (that is, clients that are on subscription agreements) at the later of their signing or renewal, normalised for 12 months and as such reflects the estimated subscription based-revenue for the following 12 months assuming subscriptions are renewed. This metric is useful in comparing year-on-year revenue progression in SaaS companies. The 128% improvement shows strong growth in sales between FY22 and FY23;
- FY23 Revenue is budgeted to grow to \$7.0 million, compared to \$3.8 million in FY22. The budgeted growth rate for FY23 of 81% is above the growth rates achieved for FY22 of 41% and FY21 of 13%;
- Operating expenses are budgeted to increase 14% from \$7.8 million in FY22 to \$8.9 million in FY23 as a result of increases in expenditure on marketing, sales, customer services resources, and the continued transition to a hybrid model of product and technology development supported by external contractors; and
- EBITDA is budgeted to remain negative in FY23, however, it is an improvement on FY22 by approximately \$0.9 million as the loss is budgeted to reduce from \$5.7 million in FY22 to \$4.8 million in FY23.

The key factors underpinning the budgeted figures include:

- new sales and increased usage from existing customers driven by the continued growth in Kyckr's addressable market, favourable changes in the regulatory landscape and economic recovery in key markets post the COVID-19 pandemic;
- the full year contribution from customer contracts signed in FY22;
- increasing the number of sales staff and maintaining high staff satisfaction and retention rates;
- increasing marketing expenditure;
- increased contribution from Kyckr's partner resale network; and
- product enhancements to drive customer acquisition and increased usage. These include improvements in data breadth and quality, UBO Verify and a new SaaS portal for small- and medium-sized business (**SMB**) market expansion.

The FY23 Budget is also based on the following key assumptions:

- net increase in annualised recurring revenues from new and existing customers and partners by approximately \$5.0 million and the conversion of \$0.3 million in existing pay-as-you-go and excess usage revenue into ARR;

- customer retention and usage rates remain stable at or above historical levels;
- the three long-standing major customers (who comprised approximately 56% of FY22 revenue) continue to consume services at similar levels to the previous year; and
- an increase in the Gross Profit Margin from 54% in FY22 to 58% in FY23 from changes to pricing and the sales mix.

The FY23 Budget excluded the impact of transaction costs described in Section 5.3 of this report.

Achievement of the FY23 Budget is subject to a number of risk factors, including clients' appetite for the services of Kyckr, competitors' pricing, the effectiveness of increased sales and marketing activity, the contracting of significant prospects, the timing of sales, the retention of existing clients and partners, the level of usage of Kyckr's services, the percentage of recoverable revenue, the ongoing COVID-19 pandemic, general economic conditions, the quality of the service offerings provided by Kyckr and the delivery of new product features.

The FY23 financial performance of the Company will also be affected by expenses incurred by Kyckr, which are subject to employee costs, regulatory and compliance costs, and other costs such as software and third-party services.

The FY23 Budget was based on information available to Kyckr, the assumptions set out above and barring any unforeseen events. Kyckr advises that the FY23 Budget was prepared in accordance with ASIC Regulatory Guide 170 (Prospective financial information). The Kyckr Directors believe the information and assumptions used in preparing the FY23 Budget were, at the time of preparation, and continue to be, reasonable, as they are based on reasonable grounds. However, the FY23 Budget is predictive in character and it did not anticipate Kyckr being acquired by a third party whose intentions for, and decision in relation to, the business may differ from those assumed in preparing the FY23 Budget. It may also be affected by inaccurate assumptions or by known or unknown risks and uncertainties, including events and circumstances that are beyond the control of the current Kyckr Directors and may not occur as expected. Consequently, actual results may differ significantly from the FY23 Budget. The Kyckr Directors make no guarantee that the FY23 Budget will be achieved, and no representation or warranty, express or implied, is made as to the accuracy or likelihood of achievement of the FY23 Budget.

8.7 Financial position

Kyckr's consolidated financial position as at 30 June 2019, 2020, 2021 and 2022 is summarised as follows.

Kyckr Financial Position (\$'000s)

	As at 30 June			
	FY19 Audited	FY20 Audited	FY21 Audited	FY22 Audited
Receivables and other current assets	593.2	840.3	893.6	1,979.8
Payables and contract liabilities	(997.2)	(1,452.8)	(2,243.1)	(3,501.0)
Net working capital	(404.0)	(612.5)	(1,349.5)	(1,521.2)
Property, plant and equipment	49.0	21.4	15.7	12.4
Intangible assets	9,627.4	9,389.9	9,126.2	8,877.7
Employment benefits	(28.5)	-	(64.7)	(108.5)
Contingent consideration	(214.5)	-	-	-
Total funds employed	9,029.4	8,798.7	7,727.7	7,260.4
Cash and cash equivalents	1,448.7	6,658.1	5,340.3	7,523.5
Borrowings	(54.3)	(57.3)	-	-
Net debt	1,394.3	6,600.9	5,340.3	7,523.5
Net assets	10,423.7	15,399.6	13,068.0	14,783.9
Contributed equity	21,798.6	31,702.2	34,842.1	42,188.9
Accumulated losses	(13,852.3)	(18,760.1)	(22,738.6)	(28,448.7)
Reserves	2,477.3	2,457.4	964.5	1,043.8
Total equity	10,423.7	15,399.6	13,068.0	14,783.9
Statistics				
Ordinary shares at period end (millions)	151.0	302.5	343.8	537.6
Net assets per ordinary share (cents)	6.90	5.09	3.80	2.75
NTA ¹ per ordinary share (cents)	0.53	1.99	1.15	1.10

Source: Kyckr and Kroll analysis

Notes:

1. NTA is net tangible assets and is calculated as net assets, less intangible assets.

With regard to the consolidated financial position summarised above, we note the following:

- working capital requirements are negative because Kyckr transitioned customers to annual contracts, which had payments in advance rather than on a per usage basis. Contract liabilities represents an obligation by Kyckr to provide services to a customer for which Kyckr has already received consideration from the customer;
- the intangibles balance is primarily comprised of goodwill, which was impaired by \$3.8 million in FY19 to total \$8.4 million, but otherwise remained constant through to FY22. The remaining balance of intangibles in FY19 relates to \$1.2 million in computer software and development, which was progressively amortised through to FY22;
- contract liabilities, which consists of payments received in advance, increased significantly between FY20 and FY22, as Kyckr transition away from pay-as-you-go contractual arrangements to pre-paid ARR contracts;
- cash and cash equivalents increased by \$5.2 million between FY19 and FY20 following a share placement in July 2019 where Kyckr raised \$5.2 million, and a placement and SPP in May 2020 whereby Kyckr raised an additional \$10.0 million. The increase in cash and cash equivalents from capital raisings was partially offset by \$7.0 million in payments to suppliers and employees. Cash and cash equivalent balances for FY21 and FY22 fluctuated depending on the balance between net cash outflows from operating activities and proceeds from the issue of shares; and
- borrowings, which consisted of \$57,265 in insurance premium funding, were completely amortised in FY21. Kyckr would presently have difficulty borrowing debt as it does not generate positive free cash flow. As of 30 June 2022 Kyckr was net cash positive, with no debt and \$7.5 million in cash and cash equivalents.

8.7.1 Taxation

As at 30 June 2022, Kyckr had consolidated tax losses of approximately \$27.7 million. The estimated tax benefit of approximately \$4.5 million is a result of the differing corporate tax rates in those jurisdictions where the tax losses exist. In relation to these tax losses:

- none of these tax losses were recognised in the statement of financial position as recovery of this benefit was not considered probable that sufficient taxable profits would be generated in the relevant jurisdictions to utilise the losses;
- there is no expiration date for the tax losses carried forward; and
- utilisation of all tax losses is subject to various loss testing rules for the relevant tax jurisdictions including, as relevant, continuity of ownership rules and similar business tests.

As at 30 June 2022, Kyckr had no accumulated franking credits.

8.8 Cash flows

Kyckr's statement of cash flows for FY19 to FY22 is summarised as follows.

Kyckr Cash Flow (\$'000s)

	FY2019 Audited	FY2020 Audited	FY2021 Audited	FY2022 Audited
Underlying EBITDA	(4,204.7)	(4,830.7)	(5,366.9)	(5,718.8)
Share-based employee benefit payments	535.0	(24.5)	160.0	343.5
Foreign exchange differences	(8.5)	(3.0)	(15.8)	88.7
Government grants received	-	46.3	46.3	-
Interest received	84.6	20.0	32.4	13.9
Interest and other finance costs paid	(6.8)	(11.2)	(1.4)	-
Working capital and other adjustments	7.3	182.2	801.1	214.8
Net cash used in operating activities	(3,593.1)	(4,621.0)	(4,344.2)	(5,057.8)
Capital expenditure				
Property, plant and equipment	(24.2)	(3.6)	(13.7)	(6.8)
Computer software and development	(885.3)	-	-	-
Proceeds/(payments) related to security deposits	-	(0.2)	0.5	-
Free cash flow	(4,502.7)	(4,624.8)	(4,357.4)	(5,064.6)
Proceeds from issue of equity, net of transaction costs	1,321.3	9,903.6	3,139.9	7,346.8
Proceeds/(repayment) of borrowings	54.3	2.9	(57.3)	-
Repayment of lease liabilities	-	(72.3)	-	-
Net change in cash and cash equivalents	(3,127.0)	5,209.5	(1,274.8)	2,282.2
Cash and cash equivalents at the beginning of the financial year	4,575.7	1,448.7	6,658.1	5,340.3
Effects of exchange rate changes on cash and cash equivalents	-	-	(43.0)	(99.0)
Cash and cash equivalents at the end of the financial year	1,448.7	6,658.1	5,340.3	7,523.5

Source: Kyckr; Kroll analysis.

Notes:

- Underlying EBITDA is profit/(loss) before depreciation, amortisation, net interest income/(expense), income tax and other income/(expenses), and differs from statutory EBITDA, which includes other income/(expenses) and significant items.
- Net cash flows from operating activities per statutory accounts.

Net cash used in operating activities, as well as free cash flows from FY19 through FY22, were negative and significant. These cash movements were either completely or partially funded by equity raisings in any given year.

We also note that working capital is an inflow because the business is growing and has negative working capital requirements.

8.9 Capital structure and ownership

The capital structure of Kyckr as at the date of this report is as follows:

- 539,237,277 ordinary Kyckr Shares, fully paid;
- 4,502,922 Performance Rights; and
- 14,486,827 unquoted Options, which comprises 9,000,000 Kyckr Long-term Incentive Plan (LTIP) Options and 5,486,827 Kyckr Director Options.

The total number of shares on a fully diluted basis as at the date of this report is 558,227,026.

Subject to the Scheme becoming effective, the 4,502,922 Performance Rights on issue will vest and convert into Kyckr Shares, and all of the Options on issue will be cancelled (See Section 8.9.2 of this report for further details). Therefore, the total number of shares on a fully diluted basis as at the Scheme Effective Date is 543,740,199.

8.9.1 Ordinary Shareholders

Kyckr currently has 539,237,277 ordinary shares on issue. As at 9 August 2022, Kyckr had 1,913 registered shareholders including 356 holders of less than a marketable parcel of ordinary shares. The top 20 registered shareholders accounted for 70.3% of shares on issue and mainly included institutional nominees and custodians, private shareholders, current and former Directors, and management. Retail investors (investors holding less than 1 million shares) accounted for 97.6% of holders and 23.2% of shares on issue.

Kyckr has received notices from the following substantial shareholders:

Kyckr Substantial Shareholders

Shareholder	Number of shares	Percentage
Mr Richard John White	122,346,906	22.76%
Regal Funds Management Pty Ltd.	106,956,784	19.90%
Harvest Lane Asset Management Pty Ltd ²¹	47,500,151	8.84%

Source: ASX announcements

8.9.2 Kyckr Options and Performance Rights

Implementation of the Scheme is subject to several Conditions Precedent, one of which applies to Kyckr Performance Rights and Options. The Condition Precedent stipulates that prior to 8.00 am on the Second Court Date, arrangements must have been put in place that result in no Kyckr Performance Rights and Kyckr Options are in existence on the Scheme Record Date (see Section 3.5 of the Scheme Booklet for further details).

The Kyckr Board intends to determine that all of the 4,502,922 Kyckr Performance Rights on issue will vest and convert into Kyckr Shares, subject to and with effect on and from the Scheme becoming effective. Each holder of Kyckr Performance Rights will receive one Kyckr Share for each Kyckr Performance Right held (i.e. a total of 4,502,922 Kyckr Shares) and will be able to participate in the Scheme in respect of these Kyckr Shares.

The Kyckr Board has determined that (and as agreed with RealWise) all of the Kyckr Options on issue will be cancelled subject to and with effect on and from the Scheme becoming effective, for a cash payment equal to the value of the relevant Kyckr Options determined using the Black-Scholes option pricing model. Kyckr has entered into an option cancellation deed with each of the holders of Kyckr Options to give effect to such cancellation. The aggregate cash payment for the cancellation of all of the Kyckr Options (being the Kyckr LTIP Options and the Kyckr Director Options) will be approximately \$150,000 (which will be funded from Kyckr's internal cash reserves). This payment will only be made if the Scheme becomes effective.

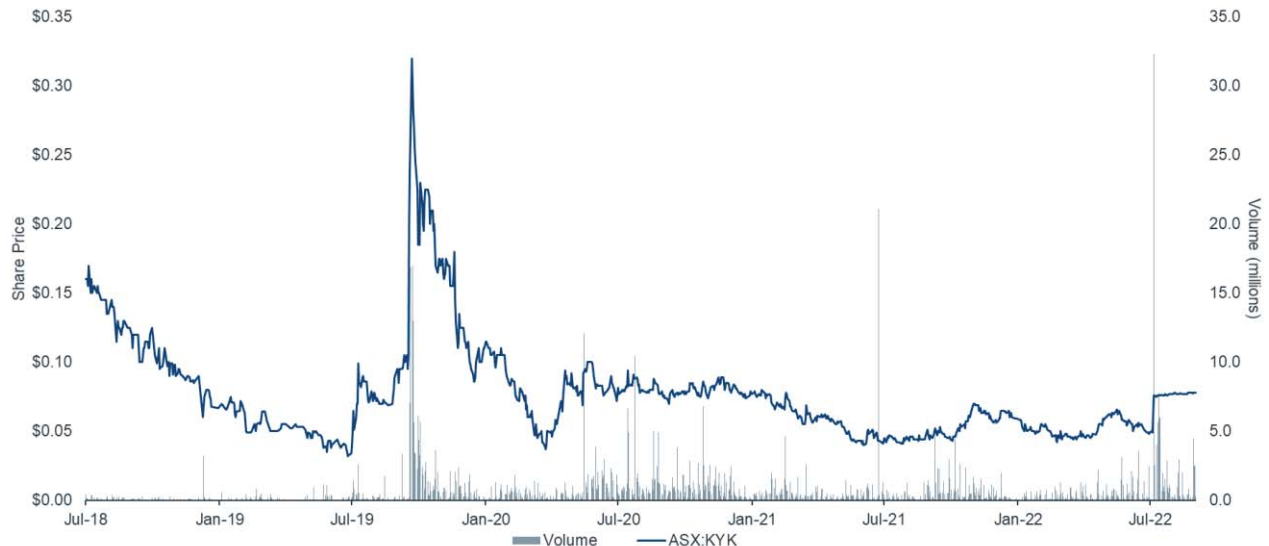
²¹ As per Kyckr ASX announcement dated 15 July 2022. As at 2 August 2022, Harvest Lane Asset Management Pty Ltd had increased their holding to 51,114,587 shares or 9.51% ownership.

8.10 Share price performance

8.10.1 Share market trading

The trading price and volume of Kyckr Shares since 2 July 2018 is as follows.

Kyckr Trading Price and Volume from 2 July 2018



Source: S&P Capital IQ and Kroll analysis. Kyckr Share prices are not adjusted for equity raisings.

Kyckr shares performed poorly from 2 July 2018 to 27 June 2019, decreasing by 82.4% on low trading volume from a high of \$0.17 on 6 July 2018, to close at a low of \$0.03 on 27 June 2019. This performance can be attributed to weak FY18 financial results, which showed widening losses and slow revenue growth, with only a 3% increase in revenue on the previous financial year. Investors may have also become increasingly concerned by Kyckr's financial liquidity, with the company having only \$1.4 million in cash as at 30 June 2019 while anticipating \$1.3 million in cash outflows the following quarter, and believed a potentially dilutive equity raising was imminent. During this period there were also a considerable number of senior management and Board of Director changes, with then CEO David Cassidy leaving the company in March 2018 and being replaced in the interim by then non-executive Chairman Benny Higgins, who had only commenced with the company that month. It was not until 1 January 2019 that the current CEO, Ian Henderson, commenced his position.

The period between 27 June 2019 and 23 September 2019 saw Kyckr's share price climb by 900% to a high of \$0.32 in just 55 trading days as a result of several notable company announcements:

- on 3 July 2019, Kyckr announced that it had secured a significant new agreement with AXA Insurance Pte Ltd (**AXA Singapore**), one of the world's leading insurance companies, which was initially worth A\$400,000 and had the potential for additional revenue from expansion of services across Asia;
- on 4 July 2019, an announcement of strong unaudited revenue growth of approximately 20% in FY19, alongside the successful launch of the new Kyckr platform showing positive subscriber growth, and an announcement on progress towards the new strategic direction with an increase in partnership discussions with enterprise grade customers;
- on 31 July 2019, Kyckr announced that it would raise \$5.2 million in a share placement from new and existing institutional and private investors at \$0.066 per Kyckr Share, a 16.5% discount to the last closing price of \$0.079;
- on 30 August 2019, Kyckr reported positive financial results for FY19, with strong growth in revenue of 25.8% on FY18; and
- on 19 September 2019, announced the completion of a \$5.2 million share placement to prominent technology entrepreneur Mr Richard White at \$0.066 per Kyckr Share, representing a 19.6% interest in Kyckr. Following the news of Richard White as an investor, the share price increased by 204.8% from the closing price on 18 September 2019, to \$0.32 on 23 September 2019.

After reaching this high, Kyckr's share price declined rapidly on high volume with investors using the increased liquidity to take profits, closing at \$0.225 on 30 September 2019, a fall of 29.7% over five trading days. Sellers included Robert Leslie, Co-Founder and Non-Executive Director of Kyckr, who ceased being

a substantial shareholder on 25 September 2019, and resigned from the company on 7 October 2019. The following months saw the share price slide further, declining to trade at around \$0.10 in January 2020, potentially reflecting that despite making progress towards the new strategic direction and achieving top line growth, profits remained negative and further dilutive equity raisings would be required in order to sustain momentum.

The share price reached a low of \$0.037 on 24 March 2020 during the height of the COVID-19 pandemic. News flow during this period was relatively light, aside from the resignation of Director Robert Leslie and 1H20 half year financial results which showed revenue growth slowing to 4.2% compared to the prior corresponding period.

Kyckr's shares then outperformed the market to close at \$0.10 on 26 May 2020. During this period, Kyckr extended its agreement with CitiGroup Inc. to include additional business units within the bank, with the value of the extension worth approximately \$496,000. Kyckr also signed a new agreement with Commerzbank AG, Germany's second-largest bank, worth an approximate minimum value of \$100,000.

The Kyckr Share price was impacted by further dilutive equity raisings:

- on 26 May 2020, Kyckr announced its intention to raise \$10.0 million at \$0.08 per share to support international sales growth, through a share placement and SPP available to retail shareholders. The issue price of \$0.08 per Kyckr Share represented a 20% discount to the last closing price of \$0.10. Kyckr's share price subsequently traded in a range of \$0.07 to \$0.09 until February 2021, substantially underperforming the market; and
- on 25 August 2021, Kyckr announced its intention to raise up to \$6.5 million at \$0.04 per Kyckr Share. The issue price represented a 9.1% discount to the last closing price.

Since February 2021, which coincided with the release of the 1H21 results, Kyckr's shares have traded in the range of \$0.04 to \$0.07, closing at \$0.049 on 5 July 2022. On 7 July 2022, Kyckr Shares increased 55.1% to close at \$0.076 following the announcement that Kyckr had agreed the SID with RealWise at \$0.08 per share

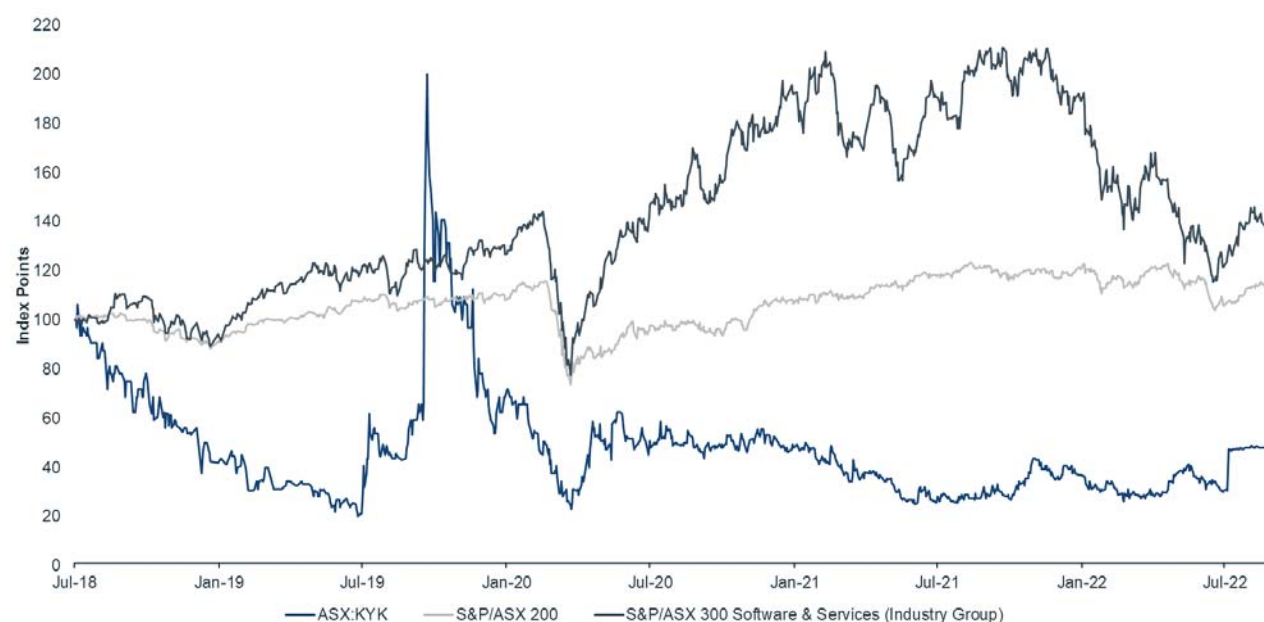
8.10.2 Relative share price performance

A description of Kyckr's share trading performance against relevant indices is set out as follows.

Share price performance compared to indices

Kyckr is not a member of any major indices. As a result, the relevant indices chosen for comparative purposes are the S&P/ASX 200 Index and the S&P/ASX 300 Software & Services (Industry Group). The following chart sets out the relative performance of Kyckr Shares against these indices (rebased to 100) since 2 July 2018.

Kyckr Share Price Performance Compared to Indices



Source: S&P Capital IQ and Kroll analysis.

Kyckr has significantly underperformed both indices across the illustrated time period.

Considerable underperformance was seen between July 2018 and February 2020 (prior to the COVID-19 pandemic induced market crash), with the exception of the spike in the share price in late 2019, which was mostly attributable to the entry of substantial shareholder and cornerstone investor Mr Richard White. This period was categorised by slow revenue growth, widening losses, and several capital raises.

In March and April 2020, immediately following the initial share market decline resulting from the COVID-19 pandemic, the Kyckr share price and the S&P/ASX 300 Software & Services (Industry Group) rebounded strongly, outperforming the S&P/ASX 200 index. From this point, the share price remained subdued through to October 2021 while the market capitalisations of many technology companies had doubled or tripled in the space of 12 to 24 months, as shown in the strong performance of the S&P/ASX 300 Software & Services (Industry Group)

Since October 2021, Kyckr has outperformed the S&P/ASX 300 Software & Services (Industry Group) index, which has declined strongly, and performed in line with the broader market (as represented by the S&P/ASX 200) which has remained subdued. From April 2022, Kyckr has outperformed both indices, initially supported by increases in substantial holder interests by Mr Richard White and Regal Funds Management Pty Limited, but during the month of June 2022 the share price came under pressure as Perennial Value Management Limited sought to exit their substantial shareholding.

8.10.3 Liquidity

An analysis of the volume of trading in Kyckr Shares, including the VWAP for various periods up to 5 July 2022 (the last trading day before the announcement of the Transaction) is set out as follows.

Kyckr Liquidity

Period	Price (cents)			Cumulative value (\$ millions)	Cumulative volume (\$ millions)	Percentage of issued capital
	Low	High	VWAP			
1 day	4.50	4.90	4.67	0.0	0.0	0.0%
1 month	4.30	5.80	5.22	1.7	16.2	3.0%
3 months	4.30	6.60	5.49	4.2	38.4	7.1%
6 months	4.20	6.60	5.24	6.4	61.4	11.4%
12 months	4.00	7.20	5.27	14.1	134.2	25.0%

Source: S&P Capital IQ, Kroll analysis.

In the 12 months to 5 July 2022, 25.0% of issued shares were traded (45.7% of free float²²). This level of trading indicates that Kyckr Shares are reasonably illiquid. Liquidity during this period was also impacted by the equity raising in August to October 2021, whereby 193,749,987 shares were issued.

²² Free float excludes approximately 282,460,235 shares, including Mr Richard White's approximate 22.76% interest, Regal Funds Management Pty Ltd's approximate 19.90% interest, and the interests of current Kyckr Directors and senior management.

9 Valuation of Kyckr

9.1 Summary

Kroll has assessed the value of Kyckr's equity to be in the range of \$39.5 million to \$45.7 million, which equates to a value per Kyckr Share of between \$0.073 to \$0.084 on a fully diluted basis.²³ Our range of assessed values reflects 100% ownership of Kyckr and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Kyckr Shares would trade on the ASX in the absence of the Transaction.

We have assessed the value of Kyckr by determining the estimated value of Kyckr's operating business. We have then considered other assets and liabilities, and net cash in determining the value of equity.

Summary of Value (\$ millions)

	Section Reference	Valuation Range	
		Low	High
Value of Kyckr operating business (100% controlling basis)	9.3	39.5	45.7
Other assets / (liabilities) (net)	9.4	-	-
Kyckr enterprise value (100% controlling basis)		39.5	45.7
Net cash	9.4	-	-
Value of Kyckr's equity (100% controlling basis)		39.5	45.7
Number of shares outstanding – diluted (millions)	8.9	543.7	543.7
Value per Kyckr Share – diluted (\$)		\$0.073	\$0.084

Source: Kroll analysis.

Our valuation range of \$0.073 to \$0.084 per Kyckr Share reflects a premium over the closing price of Kyckr Shares immediately prior to the announcement of the Transaction of between 49.0% and 71.4%, and a premium to the one-month VWAP in the range of 39.8% to 60.9%. A portion of this premium reflects that our valuation of Kyckr includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. The premium is at the high end of or above premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual circumstances.²⁴ In this regard, we note that synergies available to strategic buyers of Kyckr are potentially material, with the ability to integrate Kyckr's products and services onto an existing data platform delivering higher revenue growth through immediate scale, access to a wider customer base, and cross-selling opportunities.

However, in our opinion the premium is also likely to reflect the following:

- investors may have been discounting the Kyckr share price prior to the announcement of the Transaction as Kyckr continued to incur large losses and cash outflows potentially, in their view, necessitating further dilutive equity raisings prior to becoming cash flow positive; and
- the period up to one month prior to the 5 July 2022 announcement of the Transaction coincided with a substantial shareholder, Perennial, selling shares on market, reducing its interest in Kyckr from approximately 9.2% as at 23 May 2022 and ceasing to be a substantial shareholder (i.e. an interest of less than 5.0%) on 27 June 2022. We note that the Kyckr share price declined by 19.7% from \$0.061 \$0.049 during this period.

Kroll has determined the value of Kyckr's operating business to be in the range of \$39.5 million to \$45.7 million. This value was determined using a market approach and was cross-checked using a high-level discounted cash flow (**DCF**) analysis, an application of the income approach. The rationale for using these methodologies is set out in Section 9.2 of this report.

In forming our view as to the value of Kyckr's equity we have considered a series of factors including:

²³ This includes all of the 4,502,922 Kyckr Performance Rights on issue which will vest and convert into Kyckr Shares, subject to and with effect on and from the Scheme becoming effective.

²⁴ 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

- strong industry tailwinds, with a large addressable market that is growing due to the rising frequency of identity-related and other fraud, greater scrutiny on KYC obligations by regulators, and the developing AML/CTF regulatory pipeline;
- Kyckr's recent high growth in revenue and ARR, acknowledging that it is off a low base, as a result of these industry tailwinds and the success of Kyckr's revised strategy, which is to transition the company to a B2B business information SaaS model with a focus on generating recurring revenue through subscriptions and contracts with enterprise customers, and also through its partnership strategy;
- Kyckr's significant operating losses and cash outflows. There is no certainty that the recent strong revenue growth will continue to be achieved. Accordingly, there is a risk that Kyckr will need to raise further equity to support the delivery of its strategy prior to becoming cash flow positive. There is also considerable uncertainty as to the price at which capital may be raised in the future and the extent of the dilution;
- the valuation assumes that Kyckr does not require additional capital to execute its strategy in the short term but that it will require all of its existing cash reserves of \$7.5 million, such that no portion of this is considered surplus; and
- Kyckr's substantial carried forward income tax losses, however, recognising that the ability to utilise them is extremely uncertain and it is unlikely that an acquirer would attribute significant value to them.

It should also be noted that a valuation of Kyckr in the current macroeconomic and geopolitical environment is complex and requires judgement as to the outlook for markets and the global economy.

9.2 Approach

9.2.1 Overview

Our valuation of Kyckr has been prepared on the basis of 'fair value'. The generally accepted definition of fair value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length.

Fair value excludes 'special value', which is the value over and above the value that a particular buyer, which can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

Fair value is commonly derived by applying one or more of the following valuation approaches:

- the market approach;
- income approach; or
- cost approach.

These approaches are discussed in further detail in Appendix 3. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, the market approach and income approach are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich (e.g. real estate investment trusts), a cost approach is often adopted as there tends to be minimal goodwill, if any.

9.2.2 Selection of methodology

A discussion of the rationale for the selection of the valuation methodologies is set out below.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. Application of this approach involves the capitalisation of the cash flows or earnings (or revenue) of a business at a multiple that reflects both the risks of the business and the future growth prospects of the income it generates. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

Although Kyckr is currently loss making and is not expected to generate profits in FY23, it has an established track-record of revenues on which to apply multiples. Further, through the execution of its new strategy, a significant portion of revenues are contracted and recurring, which makes them relatively predictable. These are measured as ARR. In addition, there are a number of publicly traded KYC data and SaaS peers and transactions involving broadly similar companies from which to calculate meaningful multiples. Consequently, a market approach has been used as the primary valuation approach.

The earnings bases to which a multiple is commonly applied include revenue, EBITDA, EBIT and net profit after tax. The choice between parameters is usually not critical and should give a similar result. We note that revenue is commonly used in valuing unprofitable, high growth software and technology peers. Given Kyckr is currently loss making and is not expected to generate profits in FY23, it is necessary to perform comparisons using revenue multiples rather than earnings multiples. Consequently, we have utilised an Enterprise Value (**EV**)²⁵ to revenue multiple (**EV/Revenue**) as the metric for our market approach.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. Investors will often value software and technology businesses on unconventional metrics given the non-profitable nature of these businesses. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach, the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history, there is a variable pattern of cash flow, or the asset has a finite life.

The most common application of the income approach is the DCF methodology. This methodology allows for cash flows to reflect a range of risks and opportunities and also allows for a range of scenarios to be modelled.

A DCF methodology can be applied to cash flows to the whole asset or business or cash flows to equity. Cash flows to the whole asset or business is most commonly used because an asset or business should theoretically have a single value that is independent of how it is financed or whether income is paid as dividends or reinvested.

Utilising the DCF methodology requires estimation of cash flows for a number of years and discounting those cash flows back to present value. Kyckr has provided budgeted metrics for FY23, however, has not prepared long term cash flow forecasts. We note that forecasting long term cash flows in the software and technology sectors is challenging as a result of the high sensitivity of value to top-line revenue growth, considerable uncertainty in the operational and financial performance of relatively immature companies, and difficulty in assessing long-term margins. We have addressed this uncertainty through a sensitivity analysis.

There are no detailed projections or forecasts available for Kyckr. Kroll has prepared a high-level DCF model that uses as its starting point the FY23 Budget. Kroll has undertaken various enquiries in relation to Kyckr's assumptions underlying the FY23 Budget, including discussions with Kyckr Directors and management, compared them to the assumptions used in the forecasts of software and technology peers, and also reviewed key assumptions in the context of current economic, financial and other conditions (e.g. regulatory, contractual noting that FY22 ARR is approximately 60% of FY23 Budget). Following our enquiries and independent analysis, Kroll is of the view that the FY23 Budget has been prepared on a reasonable basis and is, therefore, suitable as a basis for our high-level DCF model. In utilising the FY23 budget, adjustments have been made where Kroll believes them to be necessary.

²⁵ Enterprise value is calculated as market capitalisation plus net debt, minority interests, preferred shares and operating and finance leases.

Kroll has extended the model a further four years based on assumptions in relation to sales revenue growth, gross margin, EBITDA margin, capital expenditure, and working capital. However, the high-level DCF model does not constitute a forecast or projection by Kroll of the future performance of Kyckr, and no assurance or warranty is provided that future performance will align with the assumptions adopted in the model. These assumptions do not, and do not purport to, represent the range of potential outcomes for Kyckr's business operations. We have also performed a sensitivity analysis on key assumptions to understand how they impact on value, particularly around revenue growth which is highly uncertain.

Cost approach

A cost-based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). This approach does not generally capture growth potential or internally generated intangible value associated with software and technology companies.

9.2.3 Control premium

Consistent with the requirements of RG 111, we have assumed 100% ownership of Kyckr and, therefore, our valuation includes a control premium.

Successful transactions are commonly completed with an implied acquisition premium to the pre-trading equity price of the target in the order of 25% to 40% depending on the individual circumstances.²⁶ In considering the evidence provided by actual transactions, it is important to recognise that the observed premium for control is an outcome of the valuation process, not a determinant of value, and that each transaction will reflect to varying degrees the outcome of a unique combination of factors, including:

- the acquirer's capacity to realise full control over the strategy and cash flows of the target entity;
- the magnitude of synergies available to all acquirers, for example, the rationalisation of costs related to duplicated functions, or the removal of costs associated with the target being a listed entity;
- uncertainties related to the timing of full realisation of target synergies;
- the expected costs to migrate and integrate the business;
- the nature of the bidder (i.e. whether the acquirer is a financial investor or a trade participant);
- synergistic or special value that may be unique to a particular acquirer;
- the interest acquired in the transaction with consideration to the bidder's pre-existing shareholding in the target;
- the prevailing conditions of the economy and capital markets at the time of the transaction with consideration to the position in the overall market cycle;
- desire (or anxiety) for the acquirer to complete the transaction;
- whether the acquisition is competitive; and
- the extent the target company's share price already reflects a degree of takeover speculation.

The premium that is ultimately applied must have regard to the circumstances of each case. In some situations, it may be appropriate to apply no premium for control, for example, there are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering. Accordingly, an assessment as to an appropriate control premium, if any, is essentially a matter of judgement.

The multiples derived for listed comparable companies generally reflect prices at which portfolio interests (i.e. minority interests) are traded and consequently, do not include a control premium. They may also be impacted by the level of liquidity in trading of the particular security. Accordingly, when valuing a business as a whole (i.e. Kyckr on a 100% basis), or when valuing the main undertaking of a business, it is appropriate to reference the multiples achieved in recent transactions, where a control premium and breadth of purchaser interest are more fully reflected.

There are a number of potential strategic acquirers of Kyckr, including data aggregators, specialist KYC data providers, or SaaS companies in Australia or overseas, other than RealWise. These acquirers would

²⁶ 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

likely consider that an acquisition of Kyckr, at this point in time, would provide considerable strategic value for the following reasons:

- as a means of immediate customer acquisition to increase the scale of an existing KYC business;
- incorporating an established KYC data provider, with existing relationships with primary data providers and company registry, and an advanced, automated SaaS solution into its portfolio of product offerings, dramatically reducing the time and cost of replicating such a product offering; and
- a means of generating revenue synergies from cross-selling existing products to Kyckr's customers.

Therefore, we consider it possible that an alternative strategic buyer may be able to generate revenue synergies from integrating Kyckr's products into a pre-existing data service and may also be able to achieve limited cost synergies. Consequently, we consider a considerable control premium could reasonably be expected to be paid by a hypothetical acquirer.

Several of the benefits that may be available to a potential acquirer are not easily quantifiable. Consequently, rather than adjusting Kyckr's revenues or earnings to reflect the total direct and indirect cost savings or revenue benefits available to a pool of purchasers, we have included a control premium by applying a multiple that is towards the high end of recent transaction evidence. Adding both an adjustment to earnings to reflect synergies and a control multiple in the valuation would result in an overstatement of the benefits of a transaction.

9.3 Market approach

9.3.1 Summary

Kroll has determined the value of Kyckr's operating business to be in the range of \$39.5 million to \$45.7 million. The selected value range takes into consideration the value of Kyckr's operating business based on capitalising an assessed maintainable revenue.

Value of Kyckr's Operating Business (\$ millions)

	Section Reference	Valuation Range	
		Low	High
Maintainable earnings (FY22 Closing ARR)	9.3.2	4.2	4.2
Capitalisation multiple	9.3.3	9.5	11.0
Value of Kyckr's operating business		39.5	45.7

Source: Kroll analysis.

For reference, our selected value range implies the following multiples for other available revenue and ARR metrics.

	Parameter (\$ millions)	Valuation Range	
		Low	High
Value of Kyckr's operating business		39.5	45.7
FY22 actual revenue	3.8	10.3x	11.9x
FY23 Budgeted revenue	7.0	5.7x	6.6x
FY23 Budgeted ARR	9.5	4.2x	4.8x

Source: Kroll analysis

9.3.2 Maintainable earnings

Maintainable earnings should reflect the earnings that can be achieved in the future for the business on an ongoing basis. In this respect, considering that Kyckr is currently loss making and there is no expectation that it will become profitable in the next twelve months, we have considered historical and FY23 Budgeted ARR and revenue. We have then considered whether it is appropriate to apply any adjustments to these revenues in order to provide an indication of maintainable earnings.

Kyckr Revenue and ARR (\$'000s)

	FY22	FY23B ¹
Annual Recurring Revenue (ARR)	4,155	9,469
Revenue	3,844	6,976

Source: Kroll analysis.

Note:

1. 'FY23B' is FY23 Budget.

In assessing maintainable earnings for Kyckr, we have considered which of the metrics in the previous table would provide the most appropriate measure for the ongoing earnings of the business:

- **FY23 budgeted figures:** the FY23 budgeted figures are based on information available to Kyckr at the time of preparation, includes several key assumptions, and do not make any allowance for unforeseen events. Key assumptions include a significant degree of new sales driven by the continued growth in Kyckr's addressable market, favourable changes in the regulatory landscape, and a continued economic recovery in key markets post the COVID-19 pandemic. There is no guarantee that these events will transpire, and revenues may be impacted by events and circumstances that are beyond the control of Kyckr management. The achievement of the budget is also subject to a number of additional risk factors as outlined in detail in Section 8.6.2 of this report, but which notably include a likelihood of increased competition, customer concentration risks, and the effectiveness of increased sales and marketing activity to secure new significant contracts. In this regard, there is a considerable risk that actual FY23 revenue and ARR results will differ significantly from the FY23 Budget, which means that FY23 budgeted figures, including revenue and ARR, may not provide a reliable estimate of the earnings that can be achieved in the future on an ongoing basis;
- **FY22 actual revenue:** represents the revenue earned over the course of FY22. It represents a historical measure of revenue that understates revenue that can be achieved in the future on an ongoing basis because it does not include all of the FY22 contract wins;
- **FY22 ARR:** ARR is used by Kyckr management as a key measure of future revenue performance. The FY22 ARR represents the contract value for ARR Clients at the later of their signing or renewal, normalised for 12 months, as measured at 30 June 2022. It provides a 12 month forward view of revenue, assuming ARR customer numbers, usage volumes, pricing, and foreign exchange remain unchanged during the year. We have determined that this metric provides a reasonable estimation of future maintainable earnings based on the following:
 - although FY22 ARR is a historical measure, it is forward looking as it represents the revenues that will be achieved over the next 12 months assuming no net gain or loss in contract value. ARR has typically been the only guidance provided by Kyckr management for future earnings and is a key metric that investors use to gauge the performance and future growth of the business;
 - ARR growth has been strong in recent quarters and, at present based on the recent momentum of the business there is no evidence to suggest that this trend would reverse in the short- to medium-term;
 - net revenue retention, a measure of the increase or decrease in revenue generated from existing customers, has remained over 100% in each of the last seven quarters to 30 June 2022. This indicates that there is a low churn in customers and contract values have generally increased rather than decreased;
 - future sales growth has been implicitly reflected in the capitalisation multiple applied; and
- we note that the ARR and revenue figures in the table represent operating revenue and as such, exclude one-off income items including government grants and net fair value gains on financial liabilities.

Having regard to the historical and FY23 budgeted ARR and revenue results for Kyckr we have selected a maintainable revenue for Kyckr of \$4.2 million, which represents the ARR of the business as at 30 June 2022.

9.3.3 Capitalisation multiples

In determining an appropriate range of capitalisation multiples to apply to Kyckr's maintainable earnings, we have considered the following:

- transaction multiples implied by recent transactions involving companies that provide KYC data and software services, registry data specialists, and also compliance software companies (**comparable transactions methodology**);
- trading multiples of comparable listed peer companies (**market comparable methodology**); and
- the specific attributes of Kyckr (see Section 9.3.4 of this report).

In our comparable transactions methodology we have used multiples of LTM revenue²⁷ as a basis for assessing our capitalisation multiple as an ARR or ARR equivalent metric is not available for our selected comparable transactions. In utilising these multiples we note the following:

- ARR historic revenue multiples would typically be lower than the equivalent LTM revenue multiple as ARR's will generally be higher than actual revenue; and
- future sales growth will be implicitly reflected in the LTM revenue multiple for the transactions.

On balance, we consider that an EV multiple of 9.5 to 11.0 times FY22 ARR (including a control premium) is appropriate for Kyckr. The concluded range of multiples captures the most comparable transaction, the acquisition of Fenargo Ltd (**Fenargo**) in Ireland by a consortium of buyers including Bridgepoint Advisers Limited (**Bridgepoint**), which was concluded at a multiple of 10.3 times LTM revenue and includes of a premium for control. We also find our range of multiples reasonable when compared to the average and median transaction multiples of 9.2 times and 10.1 times LTM revenue respectively. The selected multiple range is also at the higher end of the LTM revenue and ARR trading multiples of the comparable companies, which is appropriate since multiples at which individual parcels of shares trade do not include a control premium.

Transaction evidence

When valuing a business as a whole (i.e. Kyckr on a 100% controlling basis), it is appropriate to reference the multiples achieved in recent transactions as it is widely accepted that the price paid in transactions represents the market value of a controlling interest in the target company. The difference between the value of a controlling interest and a minority interest is referred to as a premium for control. The size of this premium will vary depending on the circumstances of each transaction, including the equity share acquired, type of consideration offered, existing ownership of the target, competitive tension in the sales process, the negotiating position of the parties, and the availability and quantum of synergies.

As Kyckr operates in global markets, we have sought to identify relevant transactions globally. These multiples will be influenced by the market outlook in the countries in which they operate, as well as other company specific factors. In addition, as there are relatively few directly comparable domestic transactions we have also considered recent domestic transactions that involve companies that are relatable in a broader sense, including companies which provide KYC data and software services, registry data specialists, and also compliance software companies.

The following table sets out the EV/Revenue multiples implied by recent domestic and international transactions that involved companies that provide products and services similar to those offered by Kyckr, for which sufficient financial and transactional data is publicly available.

²⁷ LTM revenue stands for last 12 months revenue and is the company's revenue in the 12 months before the most recent measurement or reporting date.

Transaction Evidence

Date ¹	Target	Country	Percentage Acquired (%)	Transaction Value ² (A\$ million)	EV / LTM ³ Revenue (times)
Jun-22 ⁴	Registry Direct Limited	Australia	100.0	8.8	6.0
Nov-21	Acuant Inc.	United States	100.0	1,013.3	12.7
Nov-21	CompliSpace Pty Ltd	Australia	100.0	110.0	7.1
Jul-21	Duco Technology Limited	United Kingdom	>50.0 ⁶	na	13.5
Jun-21	Cloudera, Inc.	United States	100.0	6,444.2	6.3
May-21	Fenergo Ltd	Ireland	100.0	770.3	10.3
Mar-21	Calypso Technology, Inc.	United States	100.0	4,839.8	15.2
Feb-21	Reckon Docs Pty Ltd	Australia	100.0	13.0	2.6
Nov-20	IHS Markit Ltd.	United Kingdom	100.0	52,128.6	10.1
Oct-20	Axiom Software Laboratories, Inc.	United States	>50.0	na	14.8
Mar-20	RIMES Technologies Corporation	United States	>50.0	na	11.3
Oct-18	Hortonworks	United States	100.0	2,951.3	6.1
Aug-18	Dun & Bradstreet Holdings, Inc.	United States	100.0	9,266.2	3.7

Source: S&P Capital IQ, Mergermarket, Company financial statements; Kroll analysis.

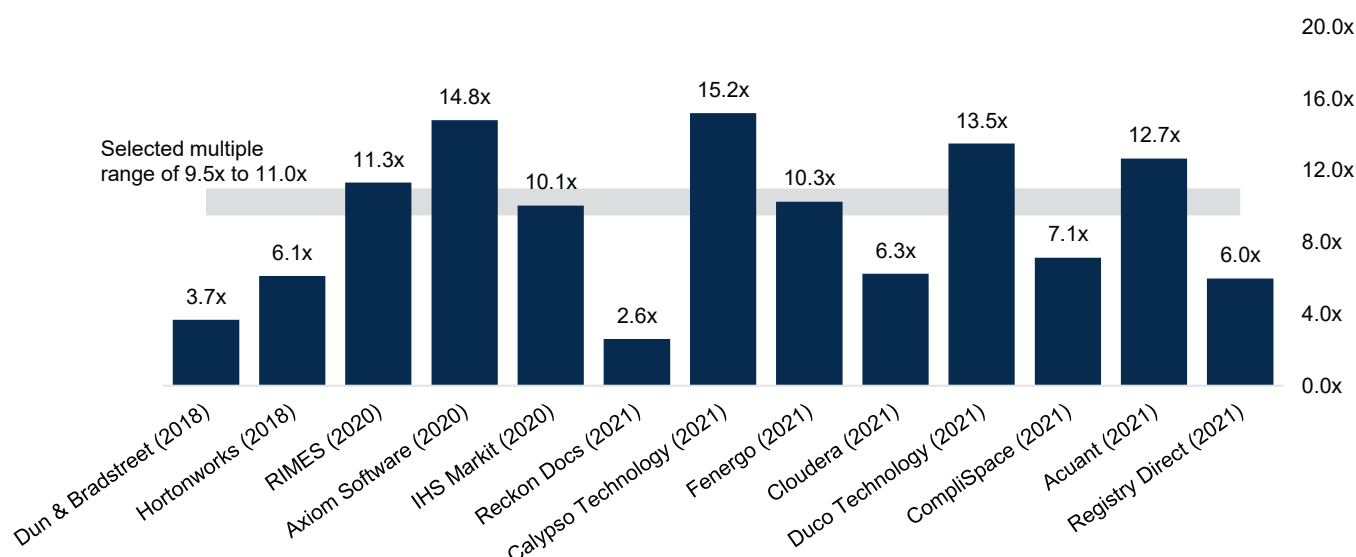
Notes:

1. Date of announcement of transaction.
2. Transaction value refers to enterprise values as of the date of completion.
3. Last 12-month (**LTM**) multiples are calculated based on revenue in the 12 months prior to the most recently available results as at the transaction announcement date.
4. Transaction is pending.
5. 'na' means not available.
6. Percentage acquired of '>50.0' denotes the acquisition of an undisclosed controlling interest.

Each of the transactions listed in the previous table are described in Appendix 5.

The following chart sets out the implied EV/Revenue multiples for Kyckr and for the comparable transactions.

Historical Transaction Multiples (LTM EV/Revenue)



Source: S&P Capital IQ, Mergermarket, Company financial statements; Kroll analysis.

Although the business operations of the target companies are broadly comparable to aspects of Kyckr's business, in our view there is no single target company that is a perfect comparable.

When considering transactions for which there is adequate publicly available information, we note that the multiples are in a wide range (from 2.6 times to 15.2 times), with a median multiple of 10.1 times revenue and an average multiple of 9.2 times revenue. ARR is not available for comparison in any of the comparable transactions, however, in general we would expect these multiples to be lower for a business that is experiencing positive revenue growth.

In assessing the comparability of the multiples implied by the transactions, it is important to consider the attributes of the target companies and the circumstances of each transaction, including:

- *the scale of the business* – the transactions relating to the three Australian companies, Reckon Docs Pty Ltd (**Reckon Docs**), Registry Direct Limited (**Registry Direct**), and CompliSpace Pty Ltd (**CompliSpace**) were significantly smaller in size (\$13.0 million, \$5.9 million and \$110.0 million EV respectively) than other transactions. These companies are of a similar scale to Kyckr and like Kyckr, each was loss making and had net cash outflows. It is not unexpected that the implied multiples for these transactions would be at the low end of the range as larger businesses typically attract a higher multiple in part due to the benefits associated with greater scale and diversification. Whilst we note the small size of Duco Technology Limited (**Duco Technology**), the higher implied multiple likely reflects the synergies available as part of this transaction with Nordic Capital's established presence in the technology and payments sector. We note that the average LTM EV/Revenue multiple for target companies with an EV of less than \$500 million is 7.3 times. Conversely, companies with higher multiples tended to be larger than Kyckr;
- *the growth prospects of the business* – where the growth prospects of the target business are considered to be relatively strong, the historical transaction multiple will tend to be higher. This can be observed in the acquisition of Fenargo in Ireland by a consortium including Bridgepoint at an implied EV/Revenue multiple of 10.3 times. In the 12 months ending March 2021, Fenargo's revenue had increased by around 17.0% to US\$107.0 million (approximately A\$139.1 million at historical exchange rates), with CEO Marc Murphy indicating that the company was seeking to achieve annual revenues of US\$250.0 million (approximately A\$357.2 million at today's exchange rates) by 2023 underpinned by increased compliance regulation in the United States and European Union.^{28, 29, 30} Similarly, the acquisition of Rimes Technologies Corporation (**Rimes Technologies**) by private equity firm EQT Partners AB (**EQT**) at an implied EV/Revenue multiple of 11.3 times reflected what EQT believed was a "significant growth investment to build out new product lines within fast-growing segments such as the sustainability ... data management and RegTech space". In contrast, targets with lower growth prospects will typically not be able to command the same multiples as their high growth peers. For example, Dun & Bradstreet Holdings, Inc.'s (**Dun & Bradstreet**) acquisition by an investor group at an EV/Revenue multiple of 3.7 times. While the 2018 revenue numbers showed \$1.7 billion in revenue, 2019 pro-forma revenue was forecast to decline by 7.0% due to impacts of deferred revenue;
- *the level of synergies available to the acquirer* – takeover premiums are generally higher in transactions where it was expected that the combined entity would be able to extract substantial synergies, and this is reflected in higher implied multiples. This can be observed in the two acquisitions by Thoma Bravo, L.P. (**Thoma Bravo**) where the targets Calypso Technology, Inc. (**Calypso Technology**) and Axiom Software Laboratories (**AxiomSL**) were companies that could be incorporated into Thoma Bravo's existing investment portfolio of software and technology related businesses and assets to achieve substantial synergies. These acquisitions occurred at EV/Revenue multiples of 15.2 times and 14.8 times respectively. We note, however, that these companies were substantially larger than Kyckr and were both profitable and as such, their multiples are at the high end of the range. Similarly, the merger of IHS Markit Ltd. (**IHS Markit**) and S&P Global Inc. (**S&P Global**) at an EV/Revenue multiple of 10.1 times facilitated the expansion of S&P Global's data coverage, creating a unique portfolio of highly complementary services, and provided an immediate increase in scale. The transaction was expected to bring significant synergy opportunities and be almost immediately earnings accretive, with combined cost and revenue synergies expected to have an EBITDA impact of approximately \$680 million per annum;

²⁸ Source: Bridgepoint press release 'Astorg and Bridgepoint acquire financial software company Fenargo' dated 18 May 2021.

²⁹ Source: A-Team Insight 'Fenargo Transaction gives 70% Ownership to Astorg and BridgePoint' 4 May 2021.

³⁰ Based on a March 2021 historical exchange rate used of A\$1.000 = US\$0.769, and current exchange rate of A\$1.000 = US\$0.700 as at 16 August 2022.

- *the underlying strategic value* – consolidation of businesses that operate in similar industries are typically at higher multiples as the rationale for the acquisition is to extract economies of scale or synergies. This can be seen in GB Group plc's (**GB Group**) acquisition of Acuant Inc. (**Acuant**) at an implied transaction multiple of 12.7 times. At the time of the acquisition, GB Group noted that "the combination of the two businesses is a complementary and powerful one ... and will create a "global-leader" in identity verification services and identity fraud prevention". The acquisition was also synergistic in that it increased the US presence of GB Group, enhancing the platform for accelerated global expansion, and also accelerated GB Group's product, data & platform strategy with complementary products and data sets, providing meaningful cross-sell opportunities within a diversified customer base. It was anticipated that the combination would accelerate GB Group's product strategy by approximately two years; and
- *degree of competitive tension* – none of the comparable transactions had multiple bidders and, therefore, the degree of competitive tension reflected in the multiples is comparable to that of Kyckr.

Transaction Evidence Summary

In the absence of a single, direct transaction comparable, we consider the acquisition of Fenargo in Ireland to be the most relevant, which was completed at a LTM EV/Revenue multiple of 10.3 times. Fenargo's business was broadly comparable to Kyckr's as a leading provider of KYC and Client Lifecycle Management software solutions for financial institutions. While Fenargo's revenue growth was not as high at the time of the transaction, forecast to grow at approximately 52.9% compound average growth rate over the next two years versus Kyckr's FY23 Budgeted revenue growth of 81.5%, the business was considerably larger than Kyckr's, with LTM revenue of approximately A\$139.1 million from a wider blue-chip customer base. Similar to Kyckr, the business was loss making.

We also note that the comparable transactions occurred at a median and average LTM EV/Revenue multiple of 10.1 times and 9.2 times respectively.

Based on each of these factors, and with an overall regard to each of the multiples of listed transactions which include a premium for control and the attributes of these businesses compared to Kyckr, we consider the selected capitalisation multiple of 9.5 times to 11.0 times to be appropriate.

Sharemarket evidence

No listed company, of which we are aware, has a similar product suite to Kyckr or offers solutions for automated KYC data aggregation, organisation and standardisation. In selecting an appropriate comparable company peer group, we have considered different comparable company sets in order to form a view of Kyckr's valuation and have had regard to the following:

- **Australian-based, global facing software and technology companies** - Kyckr is a unique company in an Australian context, as there are no peers engaged in KYC data processing and analytics amongst listed companies in the Australian market. However, Kyckr does share some characteristics with several ASX-listed, fast-growing software and technology companies in Australia that are not KYC businesses but are also pursuing a global customer expansion strategy with somewhat similar business models. Many of these companies are also of similar size and relative infancy as Kyckr, are unprofitable, and share a similar revenue growth profile. We find this set of companies to be most comparable; and
- **companies that are global data aggregators, data analytics, regulatory technology and credit agencies** – these are not KYC focused businesses, but KYC products and services can form a small part of their diversified suite of solutions. These companies tend to be global, mature, considerably larger, and very profitable (with EBITDA margins in most cases greater than 20%). Valuations are strongly linked to future revenue and EBITDA growth, with valuations for the fastest growing and most profitable companies at multiples far higher than those we would expect for a company of the scale and unprofitability as Kyckr. We consider this broader set of comparable companies less comparable than the previous set, but their details are included in Appendix 5.

The following table sets out the implied revenue and ARR-equivalent multiples for selected ASX-listed software and technology companies operating in Australia and New Zealand and globally. A description of these peers, alongside additional global peers, are set out in more detail in Appendix 5.

Sharemarket Evidence: ASX-listed Software and Technology Companies

Company	Market capitalisation (\$ millions) ¹	Revenue growth (%)		EBITDA Margin (%) ³	EV/Revenue multiple ⁴		EV/ARR Multiple ⁵
		LTM ²	FY+1		LTM	FY+1	
WiseTech Global	18,470.4	7.0%	22.8%	43.9%	28.5x	23.2x	n.a. ⁶
Xero	12,504.9	5.7%	23.9%	7.6%	12.5x	10.1x	10.9 ⁷
Altium	4,679.9	13.6%	18.3%	33.2%	13.8x	11.6x	18.4
Nearmap ⁸	754.8	7.2%	23.3%	(11.9%)	4.6x	3.7x	4.0 ⁹
Appen	444.4	7.2%	(11.5%)	12.0%	0.7x	0.7x	n.a.
ReadyTech	319.7	10.1%	33.4%	19.0%	4.5x	3.4x	n.a.
Elmo Software	261.7	5.7%	28.7%	(37.7%)	3.3x	2.6x	2.8
Dropsuite	122.7	14.4%	22.7%	4.9%	6.5x	5.3x	5.0
Firstwave ¹⁰	104.7	11.4%	57.2%	(133.7%)	11.3x	7.2x	9.6
Xref	70.7	1.1%	n.a.	6.8%	3.5x	n.a.	n.a

Source: S&P Capital IQ (data as at 2 September 2022), Company announcements; Kroll analysis.

Notes:

- As at 2 September 2022. Calculated as share price multiplied by the diluted number of shares outstanding.
- LTM is last 12 months. The companies presented report on different financial year ends. The LTM data presented for each company represents the performance during the immediately preceding 12 month time period from the most recent set of financial results.
- EBITDA Margin is calculated as EBITDA divided by revenue for the applicable year.
- EV/Revenue multiples defined as Enterprise Value (market capitalisation adjusted for minority interests, preferred equity, plus borrowings less cash) divided by revenue.
- EV/ARR multiples defined as Enterprise Value (market capitalisation adjusted for minority interests, preferred equity, plus borrowings less cash) divided by the latest reported ARR (or where otherwise noted, an ARR equivalent).
- n.a. is not available.
- EV divided by Annualised monthly recurring revenue (**AMRR**), which represents monthly recurring revenue at 31 March 2022 multiplied by 12.
- Nearmap's market capitalisation and EV are measured as at 12 August 2022, prior to the receipt of an indicative \$2.10 per share takeover bid on 15 August 2022.
- EV divided by Annual contract value (**ACV**) which represents the annualised value of all active subscription contracts in effect as at 30 June 2022.
- To be consistent with the treatment of surplus cash in our valuation of Kyckr, we have excluded cash balances in our calculation of enterprise value for companies who are net cash positive and who are also projected to utilise their cash balances prior to generating positive cash flows. As such, approximately \$13.5 million in cash was excluded from the EV calculation for Firstwave.

In relation to the trading multiples of the identified listed comparable companies, we note:

- the multiples are based on sharemarket prices and do not typically include a control premium;
- the multiples at which the comparable companies are trading are primarily driven by the diversification and scale of their operations, as well as their future growth prospects;
- the listed companies are Australian software and technology companies that provide SaaS and other subscription services for a variety of end-uses, including but not limited to logistics, accounting services, design, education;
- comparable companies with a significantly larger market capitalisation (i.e. greater than \$1 billion), typically generated higher cash flows and, therefore, had greater capacity to fund growth capital expenditure. The ability to invest in growth capital expenditure is extremely important in the software and technology industries due to the ongoing digital disruption and requirements for software investment to maintain a leading platform. Each of these companies is also profitable, generating positive EBITDA in the previous 12 months. These business have all also noted that they have been

able to deliver efficiencies through economies of scale. It is therefore expected that these companies would trade at higher multiples relative to Kyckr, as evidenced by the multiples of WiseTech, Xero Limited (**Xero**), and Altium Limited (**Altium**) which trade at LTM EV/Revenue of 28.5 times, 12.5 times and 13.8 times respectively, and Xero and Altium trading on ARR multiples of 10.9 times and 18.4³¹ times, respectively;

- Nearmap Ltd (**Nearmap**) provides cloud-based geospatial information services in Australia, New Zealand, Canada, and North America. The company offers aerial imagery maps, such as vertical and oblique imagery for use in a wide variety of industries, including architecture, engineering, construction, insurance, financial services, real estate, transportation, utilities, as well as in the government sector. The company is trading at a multiple at the low end of the range given its gross margins are declining and segments of the business are seeing downgrades in the number of enterprise accounts. It has also recently delivered a weaker-than-expected EBITDA result for FY22, citing higher costs. Nearmap's product suite and applications are reasonably distinct from Kyckr's;
- all of the comparable companies, with the exception of Appen Limited (**Appen**), are forecast to experience revenue growth over the next financial year. Appen is a technology company with crowd-based AI training data and an annotation platform to improve the accuracy of their algorithms, which are contained in a variety of technologies from personalised ads to autonomous vehicles. However, a recent privacy policy change from Apple Inc has caused its advertising-related revenue to decrease by approximately 7.0%, with EBITDA declining by around 69.0%. As Appen's share price has declined significantly over the last two years over concerns around growth, we would expect Kyckr to trade at a higher valuation;
- ReadyTech Holdings Limited (**ReadyTech**) provides SaaS solutions for education and work pathways, workforces, and government and justice markets in Australia. The company recently reaffirmed FY22 guidance with organic revenue growth in the mid-teens, however, EBITDA margins have been declining in line with the softening macroeconomic outlook, which is creating a risk of higher involuntary churn in customer contracts. There are also integration risks arising from the recent acquisition of IT Vision. As such, we would expect Kyckr to trade at a higher multiple than ReadyTech, which is currently 4.5 times LTM EV/Revenue;
- Elmo Software Limited (**Elmo**) provides cloud-based software for small and medium businesses to manage their people, processes and pay, with operations in Australia, New Zealand and the UK. The company has had a high cash burn rate in the last two years, trading at a multiple at the low end of the range as investors focus on Elmo's reducing cash balance and whether it can achieve stated cost controls in a high inflationary environment prior to requiring an equity raise. During 1H22, Elmo spent 40.8% of revenue on sales and market expenses as part of an aggressive international expansion strategy, and 44.2% of revenue on research and development. Forecast revenue growth is at the low end of the range and so we believe Kyckr deserves to trade at a premium to Elmo;
- Dropsuite Limited (**Dropsuite**) provides cloud software platforms enabling businesses and organisations globally to backup, recover and protect their business information. The company is expected to deliver strong ARR growth in coming years with a healthy sales pipeline and through their partner sales channels. It presently trades on a LTM EV/Revenue multiple of 6.5 times, and EV/ARR multiple of 5.0 times. While Kyckr is expecting similar revenue growth, we believe Dropsuite commands a higher multiple given it is larger in scale and is presently profitable, generating positive cash flow in 2022;
- Firstwave Cloud Technology Limited (**Firstwave**) provides telecommunications and enterprise cloud content security platforms and cloud security solutions, as well as cybersecurity-as-a-service solutions. Although as at 30 June 2022 ARR was flat year-on-year on a pro forma basis, strong growth is expected across the next 12 months. Similar to Kyckr, Firstwave is unprofitable and cash flow negative, with around 18 months of cash reserves remaining on a normalised Q4 2022 rate of cash burn. Firstwave trades at a LTM EV/Revenue multiple of 11.3 times, which we find is in line with other cyber security peers. Given the similar earnings profile and growth prospects of Kyckr to Firstwave, we would expect the implied multiple for Firstwave to be relevant in determining a multiple for Kyckr, however, we would apply a discount to Kyckr given its smaller size when compared to Firstwave; and
- Xref Limited (**Xref**) is a human resource technology company focused on candidate referencing. Xref utilises a cloud-based system that automates the process for obtaining and checking candidates' referencing, helping compliance with privacy regulations, reducing fraud, and enabling employers to

³¹ The ARR multiple is higher than its LTM Revenue.

obtain detailed references anonymously and directly. The company recently reported Q4 FY22 financial results, with sales 9% lower than the prior corresponding period. This was driven by a lower demand for identity checks related to cryptocurrency providers, down 62% compared to Q4 FY21. Due to the negative revenue growth of Xref, Kyckr should trade at a higher multiple;

As a further benchmark to the multiples implied by Australian software companies, we have also considered the multiples for companies that are global data aggregators, data analytics, regulatory technology and credit agencies peer group. These companies trade at a median multiple of 6.2 times and an average multiple of 7.6 times.

Sharemarket Evidence Summary

In summary, in absence of a direct comparable, Dropsuite and Firstwave have been identified as the most relevant comparable companies. Although they provide very different products and solutions to Kyckr, they are both Australian SaaS providers with similar revenue growth profiles and each operates globally. Of these, Firstwave is more comparable in terms of size and profitability, however, would be expected to trade at a higher multiple than Kyckr (on a non-controlling basis) based on its size, and due to the fact that global cyber security software peers generally trade on higher multiples. Firstwave traded at a multiple of 11.3 times LTM EV/Revenue and EV/ARR of 9.6 times.

Our selected multiple range of 9.5 times to 11.0 times is at a premium compared to Dropsuites' LTM EV/Revenue multiple, and is substantially higher than its EV/ARR multiple as it reflects a premium for control.

9.3.4 Specific attributes of Kyckr

In forming our view as to the value of Kyckr's operating business we have considered a series of factors. We recognise what has been achieved in the business in recent years, but also consider what still needs to occur in order for it to be profitable and generate positive cash flow. A summary of the main items we have considered is as followed:

- Kyckr's position as a market leader in the provision of KYC data, providing real-time company registry information on over 120 million businesses globally, sourced from over 300 registers and regulatory sources across more than 100 countries, with a deep knowledge of the registry landscape and strong relationships with registry sources;
- its integrated operating model, providing both KYC and counterparty-risk solutions, which is scalable and replicable in complementary segments such as e-commerce and payments, for use cases that extend beyond KYC compliance;
- the success realised against the new strategy, which was to transition the company to a B2B business information SaaS model, driving growth in ARR from enterprise clients at around 40% p.a.³² In doing so, Kyckr's focus shifted from low margin, individual, pay-as-you-go services, to higher margin enterprise subscriptions and up-front contracts with ARR that reduced volatility in revenue and enhanced certainty in sales. The NRR of 153% in FY22 demonstrates the success in transferring existing customers onto new the new styles of contract;
- the company continues to incur significant losses and large negative cash flows as it invests in scale and capabilities. In addition, while strong growth appears to continue in the short-term there is no certainty that historical growth rates driven by the change in strategy will continue to be achieved;
 - there are several risk factors to the achievement of continued revenue growth, including retention of existing clients, competitors' product offering and pricing, the effectiveness of increased sales and marketing activities, the contracting and timing of significant opportunities, the level of usage of Kyckr's services, the quality of Kyckr's service offerings and the delivery of new product features;
 - financial performance will also be affected by increased expenses incurred by Kyckr, particularly labour and third-party services costs, which are tied to general economic conditions;
 - accordingly, there is a significant risk that Kyckr may need to raise further funds to support the delivery of Kyckr's strategy prior to becoming cash flow positive. There is also considerable uncertainty as to the price at which capital may be raised in the future and the extent of the dilution;

³² According to Kyckr Limited MST Access Report 11 May 2022.

- the recent strong growth in revenue and ARR, acknowledging the low starting position, and a widening of the customer base demonstrates the accelerating business momentum by Kyckr since the change in strategy, including:
 - six consecutive quarters of record revenue with revenue budgeted to increase by 81% in FY23;
 - strong growth in ARR which is up 177% in FY22 compared to FY21, and forecast to increase by 128% in FY23;
 - a record number of enterprise client and partners, with 73 as at 30 June 2022. Included within this 73 are 42 clients and partners on ARR contracts; and
 - net revenue retention has been over 100% for eight consecutive quarters, indicating strong and continued demand for Kyckr's services by enterprise clients who are already customers;
- the size of the business, which is considerably smaller than software and data peers, as well as direct competitors. In recent years there has been consolidation within the KYC data industry, with several competitors acquired by far larger financial technology and data companies, providing instant scale and access to a large customer base that Kyckr currently does not have access to. As a result, it could be expected that competition in the industry will increase substantially in the following years;
- Kyckr's global major customer base, which includes five of the world's ten largest non-Chinese banks by market capitalisation, two of the world's top five payment providers by transaction volume, and one of the big four professional service firms. We do note, however, that during FY22 approximately 55.8% of Kyckr's revenue was derived from sales to its top three clients, while 78.0% of revenue was sourced from its top ten clients. There can be no guarantee that these contracts will continue, or if they do continue, that they will remain successful. As such, this indicates a high degree of customer concentration risk, and any loss of key customers or partners may materially and adversely impact on Kyckr's financial results;
- strong industry tailwinds, with a large addressable market that is growing due to the rising frequency of identity-related and other fraud, greater scrutiny on KYC obligations by regulators, and the developing AML/CTF regulatory pipeline. This also includes significant opportunities for some of Kyckr's new product solutions, Company Watch and UBO Verify in the short- to medium-term, driven by the EU's 4AMLD and 5AMLD which require companies to perform deeper KYC investigation (including identification of UBO's) and ongoing monitoring of clients for AML/CTF beyond the initial checks conducted during the customer onboarding process;
- the substantial barriers to entry for the KYC industry, particularly the considerable time and investment that would be required to establish and replicate relationships with company registries in each country or jurisdiction. While these barriers make it more difficult for competitors agree the appropriate contractual relationships with the same number of government registries as Kyckr in the short-term, it is not possible to protect Kyckr's intellectual property rights and competitors are free to develop products functionally similar to Kyckr's existing products. This may have a materially adverse impact to Kyckr's future financial performance and profitability;
- other, more general risks relating to the business and operations of Kyckr, include but are not limited to:
 - Kyckr's dependency on a small team of key management and operating personnel with deep knowledge of registry services and SaaS. The loss of key staff and inability to attract personnel with suitable experience and qualifications could have a material adverse impact on the business; and
 - Kyckr relies on data and documents provided by corporate registries globally. Therefore, to service its customers, it relies on registries, data partners, technology suppliers and communications networks, and there is a risk that a failure of systems outside of Kyckr's control may result in reduced revenue or cancellation of subscriptions by customers;

It should be emphasised that there is considerable uncertainty regarding future growth of the business with no certainty historical growth rates will continue to be achieved, nor that forecast growth will be realised. Kyckr operates in a dynamic and rapidly changing market, where competitors are continually striving to provide new technologies, solutions and innovate offerings in a bid to capture market share, which could supersede Kyckr's existing product and service offerings, substantially impacting the company's performance and requiring additional investment to remain competitive. Additionally, any strategic initiative from Kyckr is likely to be met by an equivalent competitive response from its competitors so there is no guarantee of maintaining any competitive advantage.

It is also worth noting that Kyckr's scale is extremely small when compared to some of its peers, and recent consolidation between competitors has occurred, which could lead to changes in the scale required to be profitable should margins decrease. Moody's, a large, blue-chip global data aggregator, has recently acquired 360kompany, a business with similar capabilities to Kyckr, with the intent to integrate the business into its technology, data, and analytical platform. This has the potential to provide meaningful cross-sell opportunities to be realised across a diversified customer base, while delivering immediate scale and presence far beyond that which Kyckr currently possesses.

It should also be noted that a valuation of Kyckr in the current macroeconomic and geopolitical environment is complex and requires judgement as to the outlook for markets and the global economy. Given this uncertainty, a wider range in values would normally be appropriate.

Overall, we consider that a capitalisation multiple in the range of 9.5 to 11.0 times ARR revenue is appropriate for Kyckr on a 100% basis.

9.4 Other assets and liabilities

9.4.1 Surplus assets and liabilities

Surplus assets and liabilities are those assets and liabilities not required to sustain the adopted level of maintainable earnings. Based on our analysis and discussions with Kyckr management, we are not aware of any material surplus assets or liabilities that require consideration in our valuation of Kyckr, other than tax losses.

As at 30 June 2022, Kyckr had consolidated tax losses of approximately \$27.7 million. The estimated tax benefit of approximately \$4.5 million reflects the differing corporate tax rates in those jurisdictions in which the tax losses exist. The ability to utilise these tax losses is extremely uncertain since:

- it is not expected that any material taxable income will be generated in the short- to medium-term;
- even if taxable income was generated, Kyckr would need to meet the continuity of ownership and/or similar business tests over this period to obtain the tax benefit of the losses. Both of these tests can be difficult to satisfy; and Kyckr's recent change in strategy potentially creates further issues in satisfying these tests; and
- we note that Kyckr has not recognised any potential tax benefit in its statement of financial position as it believed the recovery of this benefit was not sufficiently probable.

In addition, when considered from an acquirer's perspective, there are similarly high levels of uncertainty that make it unlikely that any potential acquirer would pay substantial value for these tax losses.

While the value attributed to Kyckr's business operations does not explicitly reflect any value for tax losses, we consider that any potential value that might be attributed to tax losses is implicitly reflected in the high end of the value range for Kyckr's business operations.

9.4.2 Net debt/Surplus cash

In order to arrive at the value of equity, it is necessary to deduct the net borrowings from the unlevered value of Kyckr. As at 30 June 2022, Kyckr had no borrowings (or debt-like items) and \$7.5 million of cash on hand.

Kyckr is presently generating large cash outflows, with FY22 net cash used in operating activities of \$5.1 million and an FY23 Budgeted EBITDA loss of approximately \$4.8 million. Our high-level financial model also indicated that Kyckr will not be cash flow positive until FY26. On this basis it is our view that the \$7.5 million cash balance as at 30 June 2022 will be required to support the future operations of the business and as such have ascribed no separate value to it for the purpose of our valuation.

We also note that the Kyckr Board has determined that all of the Kyckr Options on issue will be cancelled subject to the Scheme becoming effective, for a cash payment equal to approximately \$150,000, funded from Kyckr's internal cash reserves. Normally this value would be deducted from the cash balance in the process of determining net debt, however, as we have already excluded the \$7.5 million cash balance as at 30 June 2022, we do not consider it appropriate to make any further adjustment.

9.5 Valuation cross-check

We have cross-checked the primary valuation by undertaking a high-level DCF analysis, assessed by reference to future earnings and cash flows that are expected to be generated by Kyckr on the basis of the assumptions set out below.

9.5.1 High-level DCF analysis

A DCF analysis is typically used in the valuation of established, profitable businesses, but can also be used in certain circumstances for loss making businesses, or businesses that are expected to experience a turnaround. Under this approach, the value of a business is determined by reference to the future earnings or cash flows expected to be generated by the business. Whilst we have not used this approach as our primary valuation approach, we have undertaken a high level DCF analysis based on the company's FY23 Budget and strategic plan as a cross-check.

Kroll has not been provided with a detailed financial model from which an in-depth, DCF analysis could be performed. As such the analysis has certain limitations and is considered to be at a high-level only. Further, given Kyckr's strategy for investment in sales, marketing, and product enhancements to drive strong growth in new sales and increased usage from existing customers, considerable judgement is required in estimating future cash flows associated with Kyckr's revised strategy, which may reduce the robustness of the results from a DCF analysis. The uncertainty for Kyckr to achieve these estimated cash flows has been reflected in the applied cost of equity, noting that this also requires considerable judgement.

The high-level financial model of Kyckr which has been developed by Kroll allows certain key drivers of value to be modelled. The model is based on numerous key assumptions and is subject to significant uncertainty and contingencies, which are outside the control of Kyckr management.

The key assumptions underlying the high-level DCF are as follows:

- nominal, ungeared post-tax cash flow forecasts have been discounted using a cost of equity, given that Kyckr and a number of industry participants are debt-free, resulting in an equity value for Kyckr (on a controlling interest basis);³³ and
- the cash flow forecasts comprise an explicit forecast period of five years and a terminal value assumption thereafter (utilising a Gordon Growth Model), based on a terminal growth rate of 2.5%, which reflects the higher anticipated medium-term nominal growth of the business. A five-year forecast period has been adopted as this includes the expected period of high growth, with growth expected to stabilise by the terminal year.

We note that Kyckr reported an operating loss in FY22, and management has stated the company is focused on customer and sales growth rather than short term profitability. This is reflected in the significant investment in sales and marketing and platform improvements that is expected to continue during the high growth phase. The effect of these investments is that the free cash flow expected to be generated by the business over the five-year forecast period is relatively low, with our forecasts indicating the company may be expected to generate a full-year profit commencing in FY26.

Sensitivities of various key assumptions were analysed to determine their impact on value. In this regard, we note that the value of Kyckr is significantly dependent on:

- the total revenue growth achieved by Kyckr, which principally depends on increasing the number of enterprise customers, maintaining high levels of NRR, increasing contract sizes, and increasing the frequency at which customers utilise the platform; and
- the net profit margin generated by Kyckr on these revenues, which depends on the cost of sales (those costs associated with data retrieval from registries), and level of operating costs incurred, primarily comprised of employee and marketing costs.

In deriving free cash flows for the forecast period, Kroll has had regard to the historical results of Kyckr's business and the FY23 Budget, which has been extrapolated to FY27 based on discussions with management and having regards to external benchmarking against industry peers. The key operating assumptions are as follows:

- expected revenue growth is based on the FY23 Budget (81.5% Budgeted revenue growth in FY23), with revenue growth rates declining substantially across the forecast period from the initial FY23 Budgeted growth rate. The estimated revenue growth rates are higher than those observed in more mature and profitable Australian software and technology companies of approximately 20.0% to 40.0% per annum, but are not uncommon when compared to smaller, early-stage software and technology peers;
- gross profit margins are expected to gradually improve in conjunction with the overall business of Kyckr, as scale increases and new, higher margin products and services are introduced. We note,

³³ In valuing on a controlling interest basis, we have assumed that synergies are realised in the form of ASX listing cost savings.

however, there may be limited scope to improve the cost associated with real time company data retrieval from corporate registries;

- there is continued growth in operating expenses over the forecast period, reflecting continued strong investment in sales, marketing, and platform improvements to enable the high growth in sales, albeit at a lower growth rate than what is budgeted in FY23 (operating expenses growth reduces to 12.5% in FY23). Operating expenses (excluding cost of sales) represent 33.8% of revenue in FY27, after allowing for listing cost savings;
- EBITDA margin increases from current negative levels to approximately 28.2% of revenue in FY27, which is reasonable when benchmarked against profitable Australian and global listed technology and software peers (the median LTM EBITDA margin for profitable peers was 29.0%). The adoption of an improving profitability outlook is also reasonable noting Kyckr's current profit position (yet to break even as at 30 June 2022), the FY23 Budget, the FY22 ARR and the expected revenue growth rate;
- Kyckr's level of historical depreciation and amortisation expenditure is forecast to remain reasonably constant throughout the forecast period. Our long-term depreciation and amortisation expense of 2.6% of revenue is equal to the median of our Australian software and technology peer group;
- we assume an effective tax rate of 20.0% for Kyckr on a consolidated basis, reflecting that earnings will be taxed globally, and ascribe no value to accrued tax losses, but do make an allowance for tax losses generated within the forecast period;
- a long-term capital expenditure to revenue ratio of approximately 2.0%, which is based on Kyckr's modest history of capital expenditure in property, plant and equipment, and software, and is reasonable when benchmarked against Australian and global software and technology peers. This level of capital expenditure reflects maintenance capital expenditure only given the uncertainty of timing and quantum of growth initiatives;
- net working capital requirements are expected to grow at Kyckr's historical FY22 rate of approximately 19.1% of the annual increase in revenue, which is to support the assumed growth in Kyckr's operating business and are negative given the growth profile of the business. This is reasonable when benchmarked against Australian and global peers, with average net working capital requirements of approximately 20.5%;
- a terminal value is calculated based on the Gordon Growth methodology and a terminal growth rate of 2.5%, which reflects the mid-point of RBA inflation target range; and
- the cash flows to FY27 and terminal value have been discounted to 30 June 2022 using a post-tax, nominal cost of equity in the range of 17.0% to 19.0% (as detailed in Appendix 4). The selected cost of equity is based on:
 - a 3.7% per annum risk free rate, which represent the spot rate on 10-year Australian Commonwealth bonds as at 2 September 2022;
 - a 6.0% market risk premium, which is regarded as appropriate by Kroll for the current long-term investment climate in Australia;
 - a levered beta between 1.5 to 1.8, which has regard to the historical beta of Kyckr and its peers (see Appendix 4 for further beta analysis);
 - nil gearing, which is appropriate for a company with no outstanding debt and in its ramp up phase;
 - an effective global tax rate of 20.0%; and
 - an alpha of 4.5% to reflect the risk associated with achieving the forecast cash flows, particularly considering the early stage of the business and its current unprofitability;
- in determining the concluded cost of equity, we have also given consideration to venture capital rates of return. These rates typically range from a minimum of 30.0% to 40.0% for companies in seed and start-up phases, reducing to 20.0% to 30.0% as the company matures and nears profitability. We therefore consider our concluded cost of equity appropriate against these rates of return.

The resulting NPV for Kyckr is in the range of \$40.5 million to \$48.4 million. Accordingly, we consider the determined value range under our high-level DCF analysis supports our assessed valuation of Kyckr derived from our primary market approach.

Appendix 1 – Kroll disclosures

Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Ian Jedlin and Celeste Oakley. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Securities Institute of Australia and holds a Master of Commerce. He is also a member of the Standards Review Board of the International Valuation Standards Council. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Both Ian and Celeste have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of independent expert reports. James Wheatley, Bachelor of Business (Finance) assisted in the preparation of this report.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Scheme is in the best interests of Kyckr. Kroll expressly disclaims any liability to any Kyckr Shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Scheme Booklet or any other document prepared in respect of the Scheme. As such, Kroll takes no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Scheme (other than this report).

Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with Kyckr or RealWise or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to Kyckr. Kroll's only role with respect to the Scheme has been the preparation of this report.

Kroll will receive a fixed fee of \$125,000 (excluding GST and out of pocket expenses) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme Meetings. Kroll will receive no other benefit for the preparation of this report.

Declarations

Kyckr has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of Kyckr for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services License no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
- interests in managed investment schemes including investor directed portfolio services; and
- securities;

with respect to retail clients and wholesale clients.

Consents

Kroll consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet to be issued to Kyckr Shareholders. Neither the whole nor any part of this report or its attachments

or any reference thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.

Kroll consents to:

- (a) be named in its capacity as the independent expert appointed by the board of directors of Kyckr in the Scheme Booklet; and
- (b) the inclusion in the Scheme Booklet of:
 - i. this report, in the form and context in which it is included in the Scheme Booklet; and
 - ii. all references to this report, and statements extracted from or based on this report, in the form and context in which each such reference and statement is included in the Scheme Booklet.

Appendix 2 – Limitations and reliance on information

Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report and corresponds with a period of continued uncertainty associated with the COVID-19 pandemic and escalation of the Russia-Ukraine conflict. To the extent possible, we have reflected these conditions in our opinion. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by Kyckr and its advisers. Kyckr has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. Kyckr has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of Kyckr or RealWise for the purposes of this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with Kyckr in relation to the nature of the business operations, specific risks and opportunities, historical results of Kyckr and prospects for the foreseeable future of Kyckr. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion. Kyckr has requested Kroll limit the disclosure of certain information relating to Kyckr. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising Kyckr. As such the information in this report, unless otherwise indicated, has been limited to the type of information that is regularly placed into the public domain by Kyckr.

Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information

- Scheme Booklet;
- Scheme Implementation Deed;
- results presentations and annual reports for Kyckr for 2018 to 2022;

- ASX announcements, press releases, media and analyst presentations and other public filings by Kyckr including information available on its website;
- recent press articles regarding Kyckr;
- information sourced from S&P Capital IQ;

Non-public information

- Kyckr Board papers and other internal briefing papers prepared by Kyckr in relation to the Scheme; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of Kyckr.

Appendix 3 – Valuation methodologies

The purpose of the valuation methodology adopted is, in the absence of direct market evidence, to provide an estimate of value using methodologies that rely on other sources of evidence. Consistent with International Valuation Standards, valuation methodologies applicable to assets or businesses can be categorised under three approaches: market approach, income approach and cost approach.

These approaches have application in different circumstances. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

The market comparable methodology indicates the value of a business by comparing it to publicly traded companies in similar lines of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company. The multiples are evaluated and compared based on the relative growth potential and risk profile of the subject company vis-a-vis the publicly traded comparable companies. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands.

The comparable transaction methodology indicates value based on exchange prices in actual transactions. This process essentially involves the comparison and correlation of the subject company with other similar businesses recently sold or currently offered for sale. Considerations such as timeframe of transaction, premiums, and conditions of sale are analysed, and the observed transaction multiples are subjectively adjusted to indicate a value for the subject company.

A key step in both methods is determining the appropriate unit of comparison. In a business valuation common units of comparison include, revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the subject asset.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history or there is a variable pattern of cash flow, or the asset has a finite life.

The most common methodology adopted is the discounted cash flow (**DCF**) methodology. It has a strong theoretical basis and benefits by explicitly estimating future cash flows, allowing it to be used in a variety of circumstances, whether that be a start-up or an established business. It also allows for various scenarios and/or sensitivities to be modelled. Under a DCF methodology, forecast cash flows are discounted back to the valuation date resulting in a present value for the asset. Where there is an explicit forecast period a terminal value will typically be included, representing the value of the asset at the end of this period, which is also discounted back to the valuation date to give an overall value for the business. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also

the risk associated with the asset or business' future operations. Whilst discount rates are generally determined from observable data, substantial judgement is required in their determination. Further, the cash flows themselves also require considerable judgement in their preparation, placing significant importance on the quality of the underlying cash flow forecasts and the determination of an appropriate discount rate in order for a DCF methodology to produce a sensible valuation figure.

DCF's can also be extremely sensitive to what may be considered small changes in various assumptions and the longer the forecast period the more difficult it is in general to forecast cash flows with sufficient reliability. As such, it is important to adequately understand the basis and risks associated with the various assumptions used to derive the cash flow forecasts and recognise the impact it can have on resulting values including the value range. Notwithstanding, DCF methodologies are widely used and benefit from the rigour associated with the preparation of future cash flows.

Cost approach

Under a cost approach the value of an asset is determined having regard to the cost to replace or reproduce the asset. The most common methodologies include:

- the replacement cost;
- the reproduction cost method; and
- the summation method.

A cost-based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Appendix 4 – Discount rate

Discount rate conclusion

Kroll has selected a cost of equity in the range of 17.0% to 19.0% for Kyckr based on the selected parameters adopted within the capital asset pricing model (**CAPM**). The CAPM is commonly employed as the basis for determining an appropriate discount rate where cash flow forecasts consist of free cash flows to equity holders. Whilst we have utilised CAPM we recognise that market participants often use less precise methods for determining an equity discount rate including target internal rates of return or hurdle rates. They also often do not distinguish between investment types or regions.

We have utilised the following parameters in deriving our discount rate.

Selected Cost of Equity Parameters for Kyckr

Parameter	Symbol	Low	High
Risk free rate	Rf	3.7%	3.7%
Equity risk premium	(Rm - Rf)	6.0%	6.0%
Tax rate	t	20.0%	20.0%
Equity Beta	β	1.5x	1.8x
Asset specific risk premium (alpha)	α	4.5%	4.5%
Cost of equity (post-tax)	Ke	17.2%	19.0%
Selected range		17.0%	19.0%

Source: Kroll analysis

The objective of the discount rate is to appropriately reflect the expected return of a hypothetical prudent purchaser, based upon the perceived risks associated with Kyckr. In this respect, it is relevant to recognise that the selection of an appropriate discount rate to apply to the forecast cash flows of any asset or business operation is a matter of judgement and that the individual components should not be considered in isolation but rather as components of an overall discount rate. As a result of this subjectivity, the calculated discount rate should be treated as guidance rather than objective truth.

Furthermore, our discount rate reflects an assessment at a point in time as to both current market conditions and future expectations. To the extent that there are any changes in conditions and expectations over time, it is likely that an adjustment to the discount rate may be warranted.

Cost of equity

The cost of equity has been derived from the application of a modified CAPM.³⁴ The CAPM has been empirically tested and is widely accepted for the purpose of estimating a company's required return on equity. In applying the CAPM, the rate of return on equity is estimated as the current risk-free rate of return on a long-term government bond plus a market risk premium, multiplied by the "beta" for the shares. Beta is defined as a risk measure that reflects the sensitivity of a company's share price to the movements of the stock market as a whole and is a measure of systematic risk.

The modified CAPM rate of return on equity capital is calculated using the formula:

$$Ke = Rf + \beta * (Rm - Rf) + \alpha$$

Where:

Ke = Rate of return on equity capital;

Rf = Risk-free rate of return (normalised long-term Australian sovereign risk);

β = Beta or systematic risk for this type of equity investment, re-levered to reflect the debt-to-equity profile of the Investment;

Rm - Rf = Equity risk premium (**ERP**); the expected return on a broad portfolio of stocks in the market (**Rm**) less the risk-free rate (**Rf**); and

α = Alpha including where relevant, size or other company specific risk.

³⁴ CAPM is modified by the inclusion of an alpha.

Risk-free rate

The risk-free rate is a key input in the Capital Asset Pricing Model (**CAPM**). It is the return available, as of a valuation date, on a security that the market generally regards as free of the risk of default. When valuing a going-concern business, the risk-free rate is typically measured over a long-term period. In practice, long-dated bonds issued by governments considered to be generally safe have traditionally been accepted as a proxy for a risk-free security. In Australia, the 10-year Commonwealth Government bond yield is commonly used as a proxy for the risk-free security. As at 2 September 2022, the spot 10-year yield was 3.7%.

Sovereign yields in many developed countries, including Australia, have been at or near historical lows in recent years. Periods of high uncertainty are often accompanied by flights to quality, which means investors shift significant capital to liquid assets considered “safe”, such as government securities of major advanced economies, lowering yields on these securities. Australia is one of the very few countries in the world carrying a AAA sovereign debt rating and is therefore considered a safe haven by global investors.

In addition, to mitigate the impact of the COVID-19 pandemic the RBA, along with other major central banks, resorted to the use of unconventional monetary policies, including: large-scale purchases of government securities and, in some cases, other financial assets (e.g., corporate bonds), known as quantitative easing (QE); and yield curve targeting policies. The objective was generally the same - to drive long-term interest rates lower and provide ample liquidity to financial markets, thereby lowering the cost of capital and softening the impact of mandatory lockdown policies. The combination of investor flights to quality and central bank interventions, particularly during the height of the COVID-19 pandemic, contributed to the record low yields observed during 2020.

During the first six months of 2022, inflation globally has continued to surprise to the upside, with supply chain disruptions and the recent escalation of the Russia-Ukraine conflict exacerbating inflationary pressures. This precipitated a significant shift in the RBA’s monetary policy stance relative to December 2021. This stance entails: more and/or larger policy interest rate (cash rate) hikes, and an end to the RBA’s QE policies under which the RBA acquired almost \$224 billion of AGS and \$57 billion of semi government securities (instead, the RBA will initiate a quantitative tightening (QT) process). The RBA’s goal is to contain inflation and normalise the size of its balance sheet.

These recent developments have led to a significant and very rapid rise in interest rates. For example, the spot 10-year Australian Commonwealth Government bond yield increased from 1.68% as at 31 December 2021, to 4.19% on 15 June 2022. Similar movements in the yields of government securities can be seen globally.

During these periods of massive central bank interventions, where risk-free rates appear to be abnormally or artificially low, Kroll recommends the use of normalised risk-free. A normalised risk-free rate is an estimate of a risk-free security that would prevail in the absence of non-market factors affecting rates. A normalised risk-free can be accomplished in a number of ways, including

- (i) simple averaging
- (ii) various “build-up” methods

The first method of estimating a normalised risk-free rate entails calculating averages of yields-to-maturity on long-term government securities over various periods. This method’s implied assumption is that government bond yields will revert to the mean. As of August 2022, the 10-year trailing average of the 10-year Australian Commonwealth Government bond yield was 2.5%.

The second method is to normalise risk-free rates relied on build-up models based on the “Fisher equation”, which consists of adding a country’s projected real rate based on stabilised medium- to long-term economic conditions to the long-term expected inflation.³⁵ The long-term real rate cannot be observed directly in the

³⁵ This is a simplified version of the “Fisher equation”, named after Irving Fisher. Fisher’s “The Theory of Interest” was first published by Macmillan (New York), in 1930. To be more precise, nominal interest rates incorporate not just inflation expectations, but also compensation for bearing inflation risk. In other words, inflation compensation economically consists of two components: expected inflation (the rate of inflation over the term of the risk-free investment) plus an inflation risk premium (the risk that expected inflation will increase or decrease relative to expected inflation). In essence, the inflation risk premium is related to the dispersion of forecasts of market participants around the expected future inflation rate. The greater the dispersion, the greater the uncertainty, the higher the premium demanded by investors to compensate for this risk.

market but there are academic papers that provide attempt to estimate such rate. In the case of Australia, we found that these estimates ranged between -0.3% to 1.0%.³⁶

For the second component of the equation, we use a number of well-established surveys and economic forecasting providers, to arrive at consensus estimates for long-term expected inflation in Australia. As of April 2022, the long-term estimates of inflation ranged from of 2.5% to 2.8%.³⁷ Based on this approach we arrived at a normalised risk-free rate of 3.7%, which also represents the current spot 10-year yield on the Australian Commonwealth Government bond.

Equity risk premium

The ERP represents the required return for bearing the incremental risk of investing in a diversified portfolio of equities rather than investing in a risk-free asset (such as a government bond of a government considered safe of default). A forward-looking ERP is not directly observable in the market. Accordingly, valuation practitioners typically utilise historical data to estimate ERP. However, it is important to understand the level of risk-free rates used to measure the historical ERP and whether the resulting combination of risk-free rate and ERP result in a reasonable proxy for a forward-looking base cost of equity.

To the extent that the realised (i.e., historical) ERP equates on average to expected premiums in prior periods, the historical average ERP may be a useful starting point in developing a current forward-looking ERP estimate. A reason one might look to the historical ERP is that the expectations of investors will be framed from their experiences, and the average historical ERP might be expected to have an influence on investors' expectations about the future. Hence there is usually at least some reliance on average historical ERPs when developing current forward-looking ERP estimates.

However, this does not mean that the ERP estimate should be static over time. Periods of market stability (low volatility) likely indicate that the current forward-looking ERP estimate is below the historical average, and periods of heightened volatility likely indicate that the current forward-looking ERP estimate is above the historical average. COVID-19 upended the global economy and created an even higher level of uncertainty about short-term and medium-term economic growth prospects. Australia, like most countries in the world, adopted a lockdown policy that restricted population movement and closed businesses. The shape and the time of the recovery are still uncertain. As such, a higher ERP than historical averages could be appropriate, particularly if we were relying on a spot 10-year yield as a proxy for the risk-free rate.

The historical ERP has been estimated from an Australian investor perspective over different periods by various researchers and regulatory authorities. In forming our view we have had particular regard to the work of Dr Bishop³⁸, as summarised and updated in "Appendix 3B: Additional Sources of Equity Risk Premium Data – Australia" in the *2021 Valuation Handbook – International Guide to the Cost of Capital*, published by Duff & Phelps (a Kroll business).³⁹ Dr. Bishop estimated the historical Australian ERP for the period of 1900–2020 under different investor perspectives: (i) an Australian investor (in Australian Dollars, or A\$) with access to (i.e., eligible to receive) imputation tax benefits; (ii) an investor in A\$ without access to imputation tax benefits.

The geometric average and the arithmetic average realised ERP were both calculated relative to Australian long-term government bonds. Both the geometric and arithmetic average ERP indications were estimated directly from the underlying data. We consider the arithmetic average to be more relevant for the valuation of businesses. The analysis indicated an arithmetic average ERP of 6.8% for an investor with access to imputation benefits and 6.4% for an investor without access to imputation benefits.

In order to be consistent with the approach we adopted to estimate the risk-free rate (based on a normalised estimate), we have applied a long-term view in determining the ERP. On this basis we consider an ERP of 6.0% as appropriate for the long-term investment climate in Australia. Furthermore, an ERP of 6.0% is also

³⁶ Nugent, T., and Tapas Strickland, "What does monetary policy neutrality look like today?", Australia Markets Weekly, June 2021, National Australia Bank; Guttman, R., D. Lawson, and P. Rickards, "The Economic Effects of Low Interest Rates and Unconventional Monetary Policy", RBA Bulletin–September 2020. Bulletin, (September); McCririck, Rachael, and Daniel Rees, 2017 "The Neutral Interest Rate", RBA Bulletin, September Quarter 2017.

³⁷ Consensus Economics, Economist Intelligence Unit, IHS Markit, International Monetary Fund, Oxford Economics, and PwC.

³⁸ Bishop, S., T. Carlton and T. Pan, "Market Risk Premium; Australian Evidence" Research Paper for the CAANZ Business Valuation Specialist Conference, 13-14 August 2018.

³⁹ The *2021 Valuation Handbook – International Guide to the Cost of Capital* is available in the Cost of Capital Navigator online platform.

within the range determined in various other academic studies and adopted by Australian regulators in recent decisions.

Beta

In selecting an appropriate beta to apply to Kyckr, Kroll has considered Kyckr's beta as well as betas for Australian comparable software and technology companies as at 16 August 2022.

Beta analysis

Company	Market Cap (\$ millions) ¹	Levered Betas	
		2 Year Weekly	5 Year Monthly
WiseTech Global Limited	17,564.5	1.00	1.01
Xero Limited	14,511.7	1.00	1.13
Altium Limited	4,171.5	0.56	0.58
Nearmap Ltd	754.8	1.19	2.01
Appen Limited	575.3	1.00	0.94
ReadyTech Holdings Limited	357.2	0.44	1.02
Elmo Software Limited	287.7	1.02	1.36
Dropsuite Limited	129.6	0.39	0.49
Firstwave Cloud Technology Limited	83.1	0.34	0.89
Xref Limited	68.9	1.07	2.04
Kyckr	41.4	0.39	1.75

Source: S&P Capital IQ

This table shows a wide variation in betas across the selected companies, suggesting that determining a reliable beta for Kyckr is difficult:

- betas for the companies cover a very wide range. The lowest beta is Firstwave at 0.34 measured as a two-year weekly beta, while the highest is Xref at 2.04 measured as a five-year monthly beta;
- the betas for individual companies vary appreciable depending on the time period considered. Two-year weekly betas were lower than five-year monthly betas, reflecting the certainty and consistency in the returns of software and technology related firms during the COVID-19 pandemic. On balance, we find betas less than 1.0 for high-growth technology companies anomalous;
- companies with larger market capitalisations (i.e. WiseTech, Xero and Altium) had lower betas than companies with smaller market capitalisations; and
- Kyckr had a two-year weekly beta of 0.39 and a five-year monthly beta of 1.75.

On balance, having regard to the factors above, Kroll has selected an equity (levered) beta in the range of 1.5 to 1.8.

Tax rate

We have adopted an effective tax rate of 20% for Kyckr on a consolidated basis, reflecting that earnings will be taxed globally, and ascribe no value to accrued tax losses.

Company specific risk premium (alpha)

Under CAPM theory, it is assumed that diversified investors require no additional returns to compensate for specific risks because across a diversified portfolio the net effect of specific risks will on average, be zero. In practice, many investors include an additional risk premium to reflect company specific factors or risks which may not otherwise be captured in financial forecasts and it is common for companies to set hurdle rates for investments above their own estimates of the cost of capital to deal with these issues. Such adjustments are, however, not able to be observed and are inherently subjective.

We have made an allowance of 4.5% as a company specific size premium reflecting the small scale of the Kyckr operating business.⁴⁰ The size effect is based on the empirical observation that companies of smaller size are associated with greater risk and, therefore, have greater costs of capital.

⁴⁰ Based on data from the Center for Research in Security Prices (CRSP) Deciles Size Premia Study.

Appendix 5 – Market evidence

Comparable companies

The following table sets out the trading multiples and financial information for the selected comparable companies to Kyckr.

Australian Software Companies Multiples and Financials

Company Name	Market Cap ¹ (A\$ millions)	Enterprise Value ² (A\$ millions)	EV/Revenue (times)		Revenue (A\$ millions)		Revenue Growth (%)		EBITDA Margin (%) ⁴	
			LTM ³	FY+1	LTM3	FY+1	LTM	FY + 1	LTM	FY + 1
Australian Software										
Atlassian Corporation Plc	86,619.2	86,789.1	na	21.4	2,463.6	4,034.8	31.9	50.5	7.8	24.4
WiseTech Global Limited	18,470.4	18,043.6	na	28.8	507.5	627.2	18.2	23.6	33.6	49.3
Xero Limited	12,523.1	12,714.7	na	11.7	760.5	1,003.2	18.9	30.8	9.4	18.3
Altium Limited	4,679.9	4,410.3	na	20.8	240.4	313.5	6.4	19.8	29.7	34.3
Nearmap Ltd	1,046.4	958.1	na	6.7	113.4	143.2	17.3	26.2	(11.6)	13.3
ReadyTech Holdings Limited	319.7	350.1	na	4.6	50.0	75.7	27.4	51.3	16.7	36.5
ELMO Software Limited	261.8	305.4	na	3.3	69.1	92.1	38.1	33.2	(45.7)	5.3
Pointerra Limited	152.5	149.6	na	20.5	4.0	7.3	224.4	83.3	(25.4)	(41.1)
Dropsuite Limited	122.7	101.2	na	5.3	11.7	19.2	66.3	64.3	2.2	6.8
Firstwave Cloud Technology Limited	104.7	94.8	na	8.6	8.0	11.0	(3.4)	37.9	(164.2)	(37.3)
Xref Limited	71.6	65.1	na	na	14.5	na	80.0	na	0.0	na

Source: S&P Capital IQ, Bloomberg, Refinitiv, Company financial statements; Kroll analysis.

Notes:

1. As at 2 September 2022. Calculated as share price in A\$ multiplied by the diluted number of shares outstanding.
2. Enterprise value is calculated as market capitalisation plus net debt, minority interests, preferred shares and operating and finance leases.
3. LTM is last 12 months. The companies presented report on different financial year ends. The LTM data presented for each company represents the performance during the immediately preceding 12 month time period from the most recent set of financial results.
4. EBITDA Margin is calculated as EBITDA divided by revenue for the applicable year.
5. "na" is not available.

Comparable Global Data Aggregator, Data Analytics Intelligence, Regulatory Technology and Credit Agency Companies Multiples and Financials

Company Name	Market Cap ¹ (A\$ millions)	Enterprise Value ² (A\$ millions)	EV/Revenue (times)		Revenue (A\$ millions)		Revenue Growth (%)		EBITDA Margin (%) ⁴	
			LTM ³	FY+1	LTM3	FY+1	LTM	FY + 1	LTM	FY + 1
Global Data Aggregators										
S&P Global Inc.	169,461.6	186,845.0	na	10.7	11,410.9	17,485.7	11.5	44.2	56.8	47.7
RELX PLC	72,889.4	85,081.5	na	6.1	13,490.1	13,925.6	1.9	13.6	30.5	37.5
Thomson Reuters Corporation	77,579.7	82,841.0	na	11.0	8,730.4	9,762.9	6.1	5.2	25.1	34.8
London Stock Exchange Group plc	75,771.0	89,423.5	na	7.2	12,108.3	12,323.8	269.4	12.0	38.7	48.5
ZoomInfo Technologies Inc.	24,395.5	25,825.2	na	16.3	1,027.6	1,587.5	56.9	45.3	25.1	43.2
DLocal Limited	11,047.6	10,419.2	na	16.9	335.7	617.2	134.4	73.0	34.2	35.9
Information Services Corporation	468.0	548.4	na	2.6	184.1	213.1	23.9	12.8	33.9	31.9
Moody's Corporation	76,474.5	86,965.2	na	10.4	8,551.6	8,389.3	15.8	(7.7)	50.1	44.4
Asure Software, Inc.	159.0	206.4	na	1.6	104.6	130.3	16.1	17.2	4.5	10.5
Wolters Kluwer N.V.	36,585.0	40,338.7	na	5.2	7,462.2	7,701.6	3.6	10.1	29.8	32.2
Bureau Veritas SA	16,397.3	19,228.0	na	2.4	7,790.9	8,070.0	8.3	10.5	18.1	20.2
Palo Alto Networks, Inc.	85,904.9	86,757.0	na	10.8	5,793.4	7,876.4	24.9	29.1	(1.4)	21.6
Zscaler, Inc.	30,437.6	29,561.6	na	18.7	916.2	1,546.1	56.1	60.3	(27.1)	13.7
Fortinet, Inc.	56,542.8	55,451.0	na	8.7	4,596.5	6,406.5	28.8	31.1	21.8	27.6
Dun & Bradstreet Holdings, Inc.	8,978.6	14,247.2	na	4.4	2,978.3	3,283.0	24.6	3.7	33.6	39.1
Data analytics Intelligence										
Splunk Inc.	20,783.8	24,420.8	na	6.6	2,911.6	3,618.3	(5.5)	14.3	(30.8)	(15.3)
Palantir Technologies Inc.	22,327.2	19,446.8	na	7.0	2,120.6	2,778.0	41.1	23.3	(25.7)	20.1
Elastic N.V.	11,726.1	11,382.8	na	9.1	789.7	1,205.2	42.3	40.6	(18.4)	3.1
Sumo Logic, Inc.	1,519.5	1,070.3	na	3.0	264.6	340.1	30.7	18.2	(37.9)	(25.3)
Reg Tech Companies										
Broadridge Financial Solutions, Inc.	28,798.5	34,703.9	na	4.2	6,660.6	8,207.8	10.3	13.2	20.3	21.0
Global Credit Agencies										
Experian plc	40,472.0	45,962.2	na	4.5	7,058.3	8,324.1	3.7	16.3	29.3	34.7
Equifax Inc.	33,640.6	41,590.8	na	5.6	6,771.8	7,483.6	19.3	4.0	33.1	34.3
TransUnion	20,789.0	29,152.4	na	5.3	4,071.2	5,508.9	17.0	27.3	34.9	36.4

Source: S&P Capital IQ, Bloomberg, Refinitiv, Company financial statements; Kroll analysis.

Notes:

- As at 2 September 2022. Calculated as share price in A\$ multiplied by the diluted number of shares outstanding.
- Enterprise value is calculated as market capitalisation plus net debt, minority interests, preferred shares and operating and finance leases.
- LTM is last 12 months. The companies presented report on different financial year ends. The LTM data presented for each company represents the performance during the immediately preceding 12 month time period from the most recent set of financial results.
- EBITDA Margin is calculated as EBITDA divided by revenue for the applicable year.
- "na" is not available.

Australian Software

WiseTech Global Limited

Wisetech designs and develops cloud-based logistics software solutions globally. The company offers forwarding, customer clearance, liner and agency, warehousing, and land transport solutions.

Xero Limited

Xero operates as an enterprise software. The company offers accounting software and tools for small businesses, accountants, and bookkeepers to update webinars and business resources solutions, as well as provides consulting services globally.

Altium Limited

Altium develops and sells computer software for the design of electronic products primarily in the US and also internationally. Altium, primarily offers printed circuit board design software products, whilst also providing library management solutions via Altium Concord Pro. Altium also provides Octopart, a search engine for electronic parts.

Nearmap Ltd

Nearmap Lprovides cloud-based geospatial information services in Australia, New Zealand, Canada and North America. It primarily offers aerial imagery maps, such as vertical and oblique imagery, whilst also providing Nearmap 3D, Nearmap AI, and Nearmap on OpenSolar.

ReadyTech Holdings Limited

ReadyTech provides SaaS technology for education and work pathways, workforce solutions, and government and justice markets in Australia. Readytech operates in three segments: Education (consisting of 49.8% of FY21 revenues), Workforce Solutions (40.6% of FY21 revenues), and Government and Justice (9.7% of FY21 revenues). The education segment is a market leading provider of a student management system to vocational education and training, international and English languages and higher education providers. Workforce Solutions is a provider of payroll and employee management solutions, leveraging cloud-based technology. The Government and Justice segments provides case management SaaS to the government and justice sectors.

Elmo Software Limited

Elmo operates as a software service provider. Elmo offers cloud-based talent management software solutions which includes hiring, recruitment, on-boarding, performance, learning, and pre-built e-learning courses. Elmo serves customers primarily in Australia, New Zealand and Singapore

Dropsuite Limited

Dropsuite operates a cloud-based software platform. Dropsuite owns commercialised cloud backup software that enables small and medium enterprises to backup, recover, and protect their digital assets.

Firstwave Cloud Technology Limited

Firstwave designs and develops cloud deployment solutions in Australia. Firstwave offers services in the areas of cloud content security, content analytics, and data loss prevention.

Xref Limited

Xref is a human resource technology company focused on candidate referencing. Xref utilises a cloud-based system that automates the process for obtaining and checking candidates' referencing, helping compliance with privacy regulations, reducing fraud, and enabling employers to obtain detailed references anonymously and directly. Xref primarily serves customers in Australia (consisting of 77.4% of FY21 revenue), whilst also operating in New Zealand (8.1% of FY21 revenue), Canada (5.7% of FY21 revenue), UK (5.4% of FY21 revenue) and the US (3.3% of FY21 revenue).

Global Data Aggregators

S&P Global Inc.

S&P Global is a leading provider of transparent and independent ratings, benchmarks, and analytics and data to the capital and commodity markets worldwide. S&P Global's businesses include S&P Global Ratings (credit ratings, research, and analytics), S&P Global Market Intelligence (data, analytics, and research) and S&P Global Platts (information on commodity and energy markets. Its S&P Dow Jones Indices business is a global index provider maintaining a variety of indices to meet an array of investor needs. S&P Global's largest market is the US, which generates an estimated 60% of total revenues.

Moody's Corporation

Moody's is a global integrated risk assessment firm that empowers organisations and investors to make better decisions. It has two primary segments: Moody's Investor Service and Moody's Analytics. Moody's Investors Service publishes credit ratings and assessment services on a wide range of debt obligations and the entities that issue such obligations, and unstructured finance securities. Moody's Analytics provides financial intelligence and analytical tools to assist business in making decisions. Moody's has operations in more than 40 countries and generates most of its revenues from the US (consisting of 54.9% of FY21 total revenue).

RELX PLC

RELX PLC (**RELX**) serves professionals and businesses, through providing information-based analytics and decision tools. Additionally, the company's exhibition segment is a leading global events business, holding about 200 face-to-face events in more than 20 countries as well as more than 70 digital events in 2020. RELX serves a global customers in more than 180 countries and has offices in about 40 countries. Majority of RELX's revenues are generated in North America.

Thomson Reuters Corporation

Thomson Reuters provides business information services. Thomson Reuters offers information-enabled software and tools for legal, tax, accounting, and compliance professionals. Additionally, Thomson Reuters provides news services globally.

London Stock Exchange Group plc

London Stock Exchange Group plc (**LSEG**) is a diversified global financial markets infrastructure and data business. LSEG is also a leader in financial indexing through FTSE Russell, provides benchmarking and analytics services as well as post-trade clearing and risk management, sells real-time market information and reference data, and offers trading technology to capital markets clients. The company is home to several capital formation and execution venues: London Stock Exchange, AIM, Turquoise, CurveGlobal, FXall and Tradeweb.

Palo Alto Networks, Inc.

Palo Alto Networks, Inc. (**Palo Alto Networks**) is a global cyber security provider, offering enterprise, service providers, and government entities to secure all users applications, data, networks and decides with comprehensive visibility and context continuously across all locations. Palo Alto Networks delivers cybersecurity products offering a broad range of use cases, enabling our end-customers to secure their networks, remote workforce, access to the service edge, branch locations, public and private clouds, and to advance their security operations centers. The company products such as firewall Appliances and software, panorama, virtual system upgrades, and subscription offerings such as threat prevention, WildFire and URL filtering.

Fortinet, Inc.

Fortinet, Inc. (**Fortinet**) provides network security solutions. Fortinet offers network security appliances, software, and subscription services. Fortinet systems integrate the industry's broadest suit of security technologies, including firewall, VPN, antivirus, intrusion prevention, web filtering, anti-spam, and traffic shaping.

Wolters Kluwer N.V.

Wolters Kluwer N.V. (**Wolters Kluwer**) operates as a global information services and solutions provider. It provides its services to professionals in the health, tax and accounting, risk and compliance, finance, and legal sectors.

Zscaler, Inc.

Zscaler, Inc. (**Zscaler**) operates as a security software company, offering cloud-based platforms that provides web and mobile security, threat protection, cloud application visibility, and networking solutions, leveraging the Zscaler Zero Trust exchange. Zscaler emphasises larger organisations to consist of its 5600 customers, including 500 companies included in the Forbes Global 2000 as customers.

ZoomInfo Technologies Inc.

ZoomInfo Technologies Inc. (**Zoom**) provides marketing solutions primarily in the US (consisting of 89% of FY21 revenue). It offers sales and marketing, account management, prospecting, demand generation, and data management and custom solutions. Zoom operates via its own cloud-based platform, providing comprehensive information on organisations and professionals.

Bureau Veritas SA

Bureau Veritas provides a range of consulting services, including global inspection and audit, tests and certification applied to quality, hygiene and health. Bureau Veritas has over 1,600 laboratories in 140 countries serving Africa, Americas, Asia, the Middle East and Europe, with Europe, the Middle East and Africa accounting for approximately 45.1% of FY21 Total Revenues).

Dun & Bradstreet Holdings, Inc.

Dun & Bradstreet provides global data and analytics solutions primarily in North America (consisting of 69.2% of FY21 total revenue). Dun & Bradstreet delivers workflows to inform commercial credit decisions and other related services, with an estimated 200,000 clients globally in FY21. Dun & Bradstreet's top 50 clients account for approximately 25% of revenue, with a substantial portion of its revenue to be derived from the Financial Services industry.

Information Services Corporation

Information Services Corporation (**Information Services Corp**) provides registry and information services to the Province of Saskatchewan, Canada. It provides land titles registry, land surveys directory, personal property registry and corporate registry for individuals and businesses, with Personal Property Registry consisting of 50.5% of FY21 total revenues.

Asure Software, Inc

Asure Software, Inc. (**Asure Software**) develops and markets workforce management computer software. The Company offers human capital management such as payroll and tax, HR, time, attendance, benefits enrollment tracking, pay stubs, expense management, and training software solutions. Asure Software serves small and mid-sized businesses in the United States.

Global Data Analytics and Intelligence

Palantir Technologies Inc.

Palantir Technologies Inc. (**Palantir**) develops software to analyse information. The Company offers solutions support many kinds of data including structured, unstructured, relational, temporal, and geospatial. Palantir Technologies serves customers worldwide.

Splunk Inc.

Splunk Inc. (**Splunk**) develops web-based application software. The Company provides software that collects and analyses machine data generated by websites, applications, servers, networks, and mobile devices. Splunk serves customers worldwide.

Elastic N.V.

Elastic N.V. (**Elastic**) provides information technology and data analysis services. The Company offers monitoring, security analysis, enterprise search, cloud computing, and open-source application performance monitoring solutions. Elastic serves customers in the United States.

Sumo Logic, Inc.

Sumo Logic, Inc. (**Sumo Logic**) provides cloud-based log management and analytics services. The Company enables enterprises to collect and analyse machine data from virtual sources that include servers, virtualisation and security infrastructure, network devices, custom applications, and databases. Sumo Logic serves customers worldwide.

Global Regulatory Technology

Broadridge Financial Solutions, Inc.

Broadridge Financial Solutions, Inc. (**Broadridge**) provides technology-based outsourcing solutions to the financial services industries. The Company offers a broad range of solutions that help clients serve their retail and institutional customers across the entire investment lifecycle, including pre-trade, trade, and post-trade processing.

Global Credit Agencies

Experian plc

Experian provides credit and marketing services. The Company manages large databases that enable credit granting and monitoring, and helps minimise fraud and credit risk; offers specialist analytical solutions for credit scoring, risk management, and processing applications; processes checks and credit cards; and offers consumers credit reports and scores.

Equifax Inc.

Equifax is a consumer credit reporting agency. The Company brings buyers and sellers together through its information management, transaction processing, direct marketing, and customer relationship management businesses. Equifax serves financial, retail, credit card, telecommunications, utilities, transportation, and information technology sectors in the United States.

TransUnion

TransUnion operates as a credit reporting agency. The Company offers consumer reports, risk scores, analytical services, and decisioning capabilities, as well as provides risk and information solutions. TransUnion serves businesses and consumers in the United States.

Comparable Transactions

The following two tables set out the key comparable KYC and SaaS transactions.

Comparable Transactions¹

Announcement Date	Target	Acquirer	Country of Target	Percentage Acquired (%)	Enterprise Value (100%) (A\$ millions)	Transaction Value (A\$ million)	Historical Revenue (A\$ million)	EV / LTM Revenue ² (times)
Jun-22	Registry Direct Limited	Complii FinTech Solutions Ltd	Australia	100.0	5.9	8.8	1.0	6.0
Nov-21	PassFort Limited	Moody's Corporation	United Kingdom	100.0	210.8	225.0	na	-
Nov-21	Acuant Inc.	Audax Management Company, LLC; GB Group plc	United States	100.0	1,013.3	1,013.3	80.0	12.7
Nov-21	CompliSpace Pty Ltd	Ideagen plc	Australia	100.0	110.0	110.0	15.4	7.1
Jul-21	Duco Technology Limited	Nordic Capital	United Kingdom	na	na	na	na	13.5
Mar-21	Calypso Technology, Inc.	Thoma Bravo, L.P.	United States	100.0	4,839.8	4,839.8	na	15.2
Jun-21	Cloudera, Inc.	Clayton, Dubilier & Rice, LLC; KKR & Co. Inc.	United States	100.0	5,777.1	6,444.2	1,137.7	6.3
May-21	Fenergo Ltd	Bridgepoint Advisers Limited and consortium	Ireland	100.0	1,410.5	770.3	137.4	10.3
Mar-21	360kompany AG	Moody's Corporation	Austria	100.0	na	na	na	-
Feb-21	Reckon Docs Pty Ltd	Class Limited	Australia	100.0	13.0	13.0	5.0	2.6
Nov-20	IHS Markit Ltd.	S&P Global Inc.	United Kingdom	100.0	58,640.6	52,128.6	5,834.8	10.1
Oct-20	Axiom Software Laboratories, Inc.	Thoma Bravo, L.P.	United States	>50.0 ³	2,000.0	na	na	14.8
Mar-20	RIMES Technologies Corporation	EQT Partners AB	United States	>50.0	804.2	na	71.0	11.3
Oct-18	Hortonworks	Cloudera	United States	100.0	2,809.4	2,951.3	458.9	6.1
Aug-18	Dun & Bradstreet Holdings, Inc.	Thomas H. Lee Partners, L.P. and consortium	United States	100.0	8,997.1	9,266.2	2,443.7	3.7

Source: S&P Capital IQ, Mergermarket, Company financial statements; Kroll analysis.

Notes:

1. Transactions in local-denominated currencies are converted at the exchange rate prevailing at the announcement date.
2. Percentage acquired of >50.0 denotes that the acquisition was of an undisclosed controlling interest.
3. 'na' means not applicable.

Comparable Transactions

Complii FinTech Solutions Ltd / Registry Direct Limited

On 22 June 2022, Complii Fintech Solutions (Complii) announced that it would acquire Registry Direct Limited (Registry Direct) for consideration totalling US\$8.7 million by way of an all-scrip takeover. Registry Direct is an Australian fintech business which provides share and unit registry services to Australian companies and trusts. Registry Direct had created and developed a SaaS registry management platform designed to better manage shareholder data and communications and had established a significant client base including Meta, Starbucks, Sequoia and Adobe. Complii believed the acquisition supported its strategy of becoming a manager of all corporate activities throughout the business lifecycle, including capital raisings and IPOs.

Moody's Corporation / PassFort Limited

On March 12 2022, Moody's announced the acquisition of a 100% stake in PassFort Limited (PassFort) for an undisclosed amount. PassFort is a UK-based provider of onboarding and KYC technology solutions, a key interest to the Moody's Corporation at the time due to its strategic fit in its KYC business within Moody's Analytics. Earlier in the 2021 calendar year, Moody's had also acquired 360kompany AG (kompany), also a regulatory technology platform with KYC and AML compliance software.

Audax Management Company, LLC ; GB Group plc / Acuant Inc.

On 18 November 2021 GB Group plc (GB Group), Audax Management Company, LLC and the management of Acuant Inc. agreed to acquire a 100% stake in Acuant Inc. (Acuant) for approximately US\$740 million. Acuant is a developer of software, hardware, mobile and web-based identity capture solutions that extract images and text from identity documents. The higher revenue multiple paid for the acquisition is likely justified via GB Group's acquisition filing, noting Acuant was a fast-growing, profitable and cash generative business which was strategically aligned with its existing businesses providing digital location, identity and identity fraud software.

Ideagen plc / CompliSpace Pty Ltd

On November 9 2021, Ideagen plc (Ideagen) entered into an agreement to acquire a 100% stake in CompliSpace for consideration totalling A\$110 million. CompliSpace is a fast-growing provider of SaaS-enabled governance, risk and compliance management solutions, catered towards both public and private sector customers. CompliSpace's principal focus involves the education and social care sectors where Ideagen sees globally compelling structural growth tailwinds, serving more than 950 clients in Australia including more than 730 schools and 135 aged care facilities across the country.

Nordic Capital / Duco Technology Limited

On 21 July 2021, Nordic Capital agreed to acquire an undisclosed stake in Duco Technology by way of a management buyout transaction. Duco Technology is a provider of data matching, reconciliation and transformation software to financial institutions including banks, exchanges, asset managers, hedge funds and administrators.

Thoma Bravo, L.P. / Calypso Technology

On 22 March 2021, Thoma Bravo agreed to acquire Calypso Technology for consideration totalling an estimated US\$3.8 billion. Calypso Technology, Inc. is a provider for cloud-enabled software solutions for financial markets, including for trading, trade processing, risk management and derivative accounting. It also provides solutions for treasury and liquidity management, trade clearing and collateral management and funding.

Clayton, Dubilier & Rice, LLC and KKR & Co. inc / Cloudera, Inc.

On 1 June 2021, investment funds managed by Clayton, Dubilier & Rice and KKR & Co. Inc. agreed to acquire Cloudera for an estimated US\$4.7 billion. Cloudera, Inc. offers a suite of data analytics and management products including Cloudera DataFlow, a streaming data platform that collects, curates and analyses data and Cloudera Data Science Workbench that enables self-service data science for enterprises.

Bridgepoint Advisers Limited and consortium / Fenargo Ltd

On 18 May 2021, investment funds management by Bridgepoint Advisers Limited and Astorg Asset Management S.A.R.L. and the management team of Fenargo Ltd (Fenargo) agreed to acquire Fenargo. Press reports stated the transaction to value Fenargo at €900 million at the time of the transaction. Fenargo provides regulatory onboarding, entity data management and client lifecycle management software solutions, including anti-money laundering and KYC compliance solutions for financial services institutions.

Moody's Corporation / 360kompany AG

On March 12 2022, Moody's announced the acquisition of a 100% stake in 360kompany for an undisclosed amount. Kompany is a Vienna, Austria-based platform for audit-proof business verification and KYC technology solutions. The rationale for the transaction complements Moody's technology, data, and analytical capabilities, and enhances its industry-leading customer solutions for KYC, AML, compliance and counterparty risk. Kompany operates a network of 115 million companies across 200 jurisdictions, and is classified as the leading RegTech platform for global business verification and Know your Business (KYB) for AML compliance.

Class Limited / Reckon Docs Pty Ltd

On 16 February 2021, Class limited (Class) announced the acquisition of a 100% stake in an Australian documentation and corporate compliance platform provider, ReckonDocs for A\$13 million. The transaction involves the complete acquisition of the ReckonDocs platform and customer base, comprised of A\$13 million in cash. Following the acquisition of NowInfinity in January 2020 and Smartcorp in August 2020, the integration of ReckonDocs aims to fast-track Class to a market leadership position in the corporate and compliance documentation segment, with Class to hold approximately 14% of market share by revenue.

S&P Global / IHS Markit Ltd.

On November 30 2020, S&P Global entered into a definitive merger agreement to acquire a 100% stake in IHS Markit for consideration totalling US\$43.6 billion. Via an all-stock transaction, the rationale for the acquisition allows for highly complementary assets in S&P Global's market intelligence platform, comprising data and analytics. By providing scale and joint offerings in high growth markets, the transaction is expected to deliver cost synergies of an approximately US\$480 million and revenue synergies of \$US350 million respectively, resulting in a US\$680 million EBITDA impact. S&P Global's recurring revenue is expected to be 76% post-merger implementation. IHS Markit is a UK-based company providing information, analytics, research and analysis on energy, chemicals, transportation, technology, media & telecom, economics and country risk.

Thoma Bravo, L.P. / Axiom Software Laboratories, Inc.

On October 19 2020, Thoma Bravo entered into an agreement to acquire an undisclosed controlling stake in Axiom SL for an undisclosed amount. The transaction rationale is derived from the ability to strengthen and expand Axiom SL's customer base, whilst pursuing new growth opportunities both organically and by way of M&A. Axiom SL is a US-based provider of regulatory reporting, data and risk management solutions through its enterprise data management platform. It's platform of cloud-based regulatory solutions includes over 5,000 risk and regulatory reports across 55 jurisdictions and 110 regulators.

EQT Partners AB / RIMES Technologies Corporation

On February 3 2020, EQT Partners entered into an agreement to acquire an undisclosed controlling stake in RIMES Technologies Corporation (RIMES) for an undisclosed amount. RIMES is a leading global provider of managed data services for investment industry professionals and regulatory technology software solutions, primarily addressing the complex needs of major financial institutions. The investment will allow RIMES to expand its regulatory technology and data management solutions and extend its existing partnership and capabilities as well as serve new clients across the investment industry.

Cloudera / Hortonworks

On 3 October 2018, Cloudera agreed to acquire Hortonworks, Inc. (Hortonworks) for US\$2.1 billion in a merger of equals. Hortonworks provides data management platforms and solutions including Hortonworks Data Platform, an open-source framework for distributed storage and processing of large and multi-source datasets and Hortonworks DataFlow, a real-time streaming analytics platform. The merger was intended to bring together Hortonworks' investments in end-to-end data management with Cloudera's investments in data warehousing and machine learning to establish a data platform leader with increased scale and resources.

Thomas H. Lee Partners, L.P. and consortium / Dun & Bradstreet Holdings, Inc.

On 8 August 2018, a consortium of investors including funds affiliated with Thomas H. Lee Partners, LP and Qatar Investment Authority agreed to acquire Dun & Bradstreet for US\$5.5 billion. Dun & Bradstreet provides business decisioning data and analytics software solutions, including D&B Finance Analytics, an online application that helps finance teams manage credit and receivable risk and automate processes including decisioning and customer communications and D&B Direct, an application programming interface that delivers risk and financial data directly into enterprise applications to support credit decision making.

Part Two – Financial Services Guide

What is an FSG?

This Financial Services Guide (“FSG”) is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), (“We”, “us” and “Kroll”) is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) (“Millinium”), Australian Financial Services License (“AFSL”) no. 284336, as a Corporate Authorised Representative (“CAR”). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium’s AFSL (our “Authorised Representative”). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by Kyckr Limited (“Kyckr”) to prepare an independent expert’s report (“Report”) in connection with the proposed acquisition by RealWise of Kyckr. Kyckr will provide our Report to you.

Our details

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
SYDNEY
NSW 2000
www.kroll.com
Ph: 02 8286 7200

Our Authorised Representative

Ian Jedlin
ASIC authorised representative: No. 000404117
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
 - interests in managed investment schemes including investor directed portfolio services; and
 - securities,
 - with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

Personal Advice

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice (“SOA”).

Remuneration

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll \$125,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates (“Personnel”) will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services Kroll and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaint Redressal

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer
Millinium Capital Managers Limited
GPO Box 615
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:

<https://www.afca.org.au/make-a-complaint>

Telephone

1300 56 55 62 (local call rate)

Email

info@afca.org.au

Website

www.afca.org.au

Please note that AFCA can currently only deal with claims for compensation up to \$1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.

Annexure B Scheme of Arrangement

Scheme of Arrangement

Kyckr Limited

Each person who holds one or more Scheme Shares

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Date:

Parties

- 1 **Kyckr Limited (ACN 609 323 257)** of Level 16, 1 Market Street, Sydney NSW 2000 (**Kyckr**)
 - 2 Each person who holds one or more Scheme Shares (**Scheme Shareholders**)
-

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this deed.

2 Preliminary matters

- (a) Kyckr is a public company limited by shares, incorporated in Australia and registered in Victoria, and is admitted to the official list of ASX.
- (b) As at the date of this deed, Kyckr has on issue or has granted (as applicable):
 - (i) 539,237,277 Kyckr Shares;
 - (ii) 4,502,922 Kyckr Performance Rights; and
 - (iii) 14,486,827 Kyckr Options, comprising of:
 - (A) 3,000,000 options exercisable at \$0.1005 on or before 1 January 2023;
 - (B) 559,900 options exercisable at \$0.2900 on or before 27 November 2023;
 - (C) 3,000,000 options exercisable at \$0.1650 on or before 1 January 2024;
 - (D) 3,000,000 options exercisable at \$0.1140 on or before 1 January 2025; and
 - (E) 4,926,927 options exercisable at \$0.0690 on or before 22 November 2025.
- (c) RealWise is a proprietary company limited by shares incorporated in Australia.

- (d) On 6 July 2022, RealWise and Kyckr entered into the Scheme Implementation Deed pursuant to which, amongst other things, Kyckr has agreed to propose this Scheme to the Scheme Shareholders, and each of Kyckr and RealWise have agreed to take certain steps to give effect to this Scheme.
- (e) If this Scheme becomes Effective, then all the Scheme Shares and all of the rights and entitlements attaching to them on the Implementation Date will be transferred to RealWise, and the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the provisions of this Scheme and the Deed Poll.
- (f) This Scheme attributes actions to RealWise but does not itself impose obligations on it to perform those actions. RealWise has entered into the Deed Poll for the purposes of covenanting in favour of Scheme Shareholders to perform all actions attributed to them under this Scheme, including the obligation to provide or procure the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions to this Scheme

This Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following:

- (a) as at 8.00am on the Second Court Date, each of the conditions set out in clause 3.1 of the Scheme Implementation Deed (other than the condition relating to the approval of the Court set out in clause 3.1(d) of the Scheme Implementation Deed) have been satisfied or waived in accordance with the terms of the Scheme Implementation Deed;
- (b) as at 8.00am on the Second Court Date, neither the Scheme Implementation Deed nor the Deed Poll have been terminated in accordance with their terms;
- (c) the Court approves this Scheme under section 411(4)(b) of the Corporations Act either unconditionally or subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and that are agreed to by RealWise and Kyckr (such agreement not to be unreasonably withheld or delayed);
- (d) such conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme, and that are agreed to by RealWise and Kyckr (each acting reasonably), have been satisfied or waived; and
- (e) the coming into effect of the Scheme Order, in accordance with section 411(10) of the Corporations Act, on or before the End Date.

3.2 Certificate

Kyckr will provide to the Court on the Second Court Date certificates signed by RealWise and Kyckr (or such other evidence as the Court requests) confirming (in respect of matters within their knowledge) whether or not the conditions in clauses 3.1(a) and 3.1(b) to this Scheme have been satisfied or waived in accordance with the terms of the Scheme Implementation Deed as at 8.00am on the Second Court Date.

4 The Scheme

- (a) Subject to clause 3.1, this Scheme takes effect for all purposes on and from the Effective Date.
- (b) This Scheme will lapse and be of no further force or effect if:
 - (i) the Effective Date has not occurred on or before the End Date; or
 - (ii) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms unless Kyckr and RealWise otherwise agree in writing.

5 Implementation of the Scheme

5.1 Lodgement of Scheme Order with ASIC

If the conditions in clauses 3.1(a) to 3.1(d) are satisfied or waived, Kyckr must lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Scheme Order approving this Scheme as soon as possible after, and in any event by 5.00pm on the first Business Day after, the day on which the Court approves this Scheme.

5.2 Transfer of Scheme Shares

Subject to this Scheme becoming Effective, the following actions will occur (in the order set out below):

- (a) RealWise will deposit (or procure the deposit of) the Scheme Consideration in the manner contemplated by clause 6.2(a); and
- (b) subject to clause 5.2(a) being satisfied, on the Implementation Date:
 - (i) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to RealWise, without the need for any further act by any Scheme Shareholder (other than acts performed by Kyckr as attorney and agent for Scheme Shareholders under clause 9) by:
 - (A) Kyckr delivering to RealWise a duly completed Scheme Transfer (and one or more Scheme Transfers can be a master transfer on all or part of all Scheme Shares), executed on behalf of the Scheme Shareholders by Kyckr; and
 - (B) RealWise duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Kyckr for registration; and
 - (ii) immediately following receipt of the Scheme Transfer in accordance with clause 5.2(b)(i)(B) or the transfer being effected under section 1074D of the Corporations Act (as the case may be), Kyckr must enter, or procure the entry of, the name of RealWise in the Register in respect of all the Scheme Shares transferred to RealWise in accordance with this Scheme.

6 Scheme Consideration

6.1 Entitlement to Scheme Consideration

Subject to the terms of this Scheme, on the Implementation Date, in consideration for the transfer to RealWise of the Scheme Shares, each Scheme Shareholder will be entitled to the Scheme Consideration in respect of each of their Scheme Shares.

6.2 Provision of Scheme Consideration

- (a) RealWise must, by no later than the Business Day before the Implementation Date, deposit (or procure the deposit) in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to the Scheme Shareholders in an Australian dollar denominated trust account operated by or on behalf of Kyckr as trustee of the Scheme Shareholders (the **Trust Account**) provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to RealWise's account.
- (b) Subject to RealWise having complied with clause 6.2(a), Kyckr must, on the Implementation Date and from the Trust Account, pay or procure the payment to each Scheme Shareholder the Scheme Consideration attributable to that Scheme Shareholder, based on the number of Scheme Shares held by that Scheme Shareholder as at the Record Date.
- (c) Kyckr's obligation under clause 6.2(b) will be satisfied by Kyckr (in its absolute discretion):
 - (i) where a Scheme Shareholder has, before the Record Date, made a valid election in accordance with the requirements of the Kyckr Share Registry to receive dividend payments from Kyckr by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount of Australian currency by electronic means in accordance with that election; or
 - (ii) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Kyckr; or
 - (iii) whether or not the Scheme Shareholder has made an election referred to in clause 6.2(c)(i), dispatching, or procuring the dispatch of, a cheque in Australian currency to the Scheme Shareholder by prepaid post to their address shown in the Kyckr Register as at the Record Date, such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 6.3), for the relevant amount.
- (d) If, following satisfaction of RealWise's obligations under clause 6.2(a) but prior to the occurrence of all of the events described in clause 5, this Scheme lapses under clause 4(b):
 - (i) Kyckr must immediately repay (or cause to be repaid) to or at the direction of RealWise the funds that were deposited in the Trust Account plus any interest on the amounts deposited (less bank fees and other charges);

- (ii) the obligation to transfer Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, to RealWise under clause 5 will immediately cease;
- (iii) RealWise must return the Scheme Transfers, if provided pursuant to clause 5; and
- (iv) Kyckr is no longer obliged to enter, or procure the entry of, the name of RealWise in the Kyckr Register in accordance with clause 5.

6.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Shareholders will be payable to the joint holders and will be forwarded to the holder whose name appears first in the Kyckr Register on the Record Date; and
- (b) any other document required to be sent under this Scheme will be forwarded to the holder whose name appears first in the Kyckr Register as at the Record Date or to the joint holders.

6.4 Unclaimed monies

- (a) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW)).
- (b) Kyckr may cancel a cheque issued under this clause 6.2(c) if the cheque:
 - (i) is returned to Kyckr; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (c) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Kyckr (or the Kyckr Share Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Kyckr must reissue a cheque that was previously cancelled under this clause 6.4.

6.5 Remaining monies (if any) in Trust Account

To the extent that, following satisfaction of Kyckr's obligations under the provisions of clause 5 and the other provisions of this clause 6 and provided RealWise has by that time acquired the Scheme Shares in accordance with this Scheme, there is a surplus in the Trust Account, then subject to compliance with applicable laws, the other terms of this Scheme, the Deed Poll and the Scheme Implementation Deed, that surplus (less any bank fees and related charges) shall be paid by Kyckr (or the Kyckr Share Registry on Kyckr's behalf) to RealWise.

6.6 Orders of a Court or Governmental Agency

- (a) If written notice is given to Kyckr (or the Kyckr Share Registry) of an order or direction made by a court or Governmental Agency that:

- (i) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Kyckr in accordance with clause 5, then Kyckr shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
 - (ii) prevents Kyckr from providing consideration to any particular Scheme Shareholder in accordance with clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Kyckr shall be entitled to (as applicable) retain an amount equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration in accordance with clause 5 as permitted by that (or another) court or direction or otherwise by law.
- (b) To the extent that amounts are so deducted or withheld in accordance with clause 6.6(a), such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted as required.

7 Dealings in Kyckr Shares

7.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Kyckr Shares or other alterations to the Kyckr Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Kyckr Register as the holder of the relevant Kyckr Shares on or before the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before 5.00pm on the Record Date at the place where the Kyckr Register is kept,

and Kyckr must not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders nor for any other purpose (except a transfer to RealWise pursuant to this Scheme and any subsequent transfer by RealWise or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

7.2 Register

- (a) Kyckr must register, or cause to be registered, all registrable transmission applications or transfers of the Scheme Shares in accordance with clause 7.1(b) on or before the Record Date.
- (b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that Scheme Shareholder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after 5.00pm on the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Kyckr shall be entitled to disregard any such disposal, purported disposal or agreement.

- (c) For the purpose of determining entitlements to the Scheme Consideration, Kyckr must maintain the Kyckr Register in accordance with the provisions of this clause 7.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Kyckr Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All certificates and statements of holding for Scheme Shares (other than statements of holding in favour of RealWise) will cease to have effect after the Record Date as documents of title (or evidence thereof) in respect of those shares and, as from the Record Date, each entry on the Register (other than entries on the Register in respect of RealWise and subsequent transferees) will cease to have effect, except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (e) As soon as possible on or after the Record Date, and in any event within one Business Day after the Record Date, Kyckr will ensure that details of the names, registered addresses and holdings of Kyckr Shares for each Scheme Shareholder as shown in the Kyckr Register as at the Record Date are available to RealWise in the form RealWise reasonably requires.

8 Quotation of Kyckr Shares

- (a) Kyckr must apply to ASX to suspend trading of Kyckr Shares on the ASX with effect from the close of trading on the Effective Date.
- (b) Kyckr will apply:
 - (i) to the ASX for termination of the official quotation of Kyckr Shares on the ASX; and
 - (ii) to have itself removed from the official list of the ASX,in each case with effect on and from the close of the trading day immediately following the Implementation Date or on such other date after the Implementation Date as determined by RealWise.

9 General Scheme provisions

9.1 Appointment of agent and attorney

- (a) On this Scheme becoming Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Kyckr as its agent and attorney for the purposes of:
 - (i) executing and delivering any document or form or doing any other act necessary or expedient to give effect to the terms of this Scheme including, without limitation, the effecting of a valid transfer or transfers or the execution and delivery of the Share Transfer; and
 - (ii) enforcing the Deed Poll against RealWise,and Kyckr accepts such appointment.

- (b) Kyckr, as agent and attorney of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 9.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

9.2 Enforcement of Deed Poll

Kyckr undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against RealWise, as applicable on behalf of and as agent and attorney for the Scheme Shareholders (and, in doing so, to the extent necessary, enforce Kyckr's rights under the Commitment Letter).

9.3 Scheme Shareholders' agreements

Under this Scheme:

- (a) each Scheme Shareholder irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to RealWise in accordance with the terms of this Scheme;
- (b) each Scheme Shareholder irrevocably agrees to the variation, cancellation or modification (if any) of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (c) each Scheme Shareholder irrevocably acknowledges that this Scheme binds Kyckr and all Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Kyckr; and
- (d) each Scheme Shareholder irrevocably consents to Kyckr and RealWise doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of this Scheme,

without the need for any further act by that Scheme Shareholder.

9.4 Warranty by Scheme Shareholders

- (a) Each Scheme Shareholder is deemed to have warranted to RealWise, and to the extent enforceable, to have appointed and authorised Kyckr as that Scheme Shareholder's agent and attorney to warrant to RealWise, that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to RealWise pursuant to this Scheme, be fully paid and free from all mortgages, charges, security interests (including any 'security interests' within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)), liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
 - (ii) they have full power and capacity to sell and to transfer their Scheme Shares, and all rights and entitlements attaching to those Scheme Shares, to RealWise under this Scheme.
- (b) Kyckr undertakes in favour of each Scheme Shareholder that it will provide such warranty, to the extent enforceable, to RealWise on behalf of that Scheme Shareholder.

9.5 Title to Scheme Shares

- (a) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in accordance with clause 6.2, RealWise will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Kyckr of RealWise in the Kyckr Register as the holder of the Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to RealWise will, at the time of transfer of them to RealWise, vest in RealWise free from all mortgages, charges, security interests (including any 'security interests' within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)), liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.

9.6 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in accordance with clause 6.2, and until Kyckr registers RealWise as the holder of all Scheme Shares in the Kyckr Register, each Scheme Shareholder:

- (a) is deemed to have appointed RealWise as attorney and agent (and directed RealWise in each such capacity) to appoint any director, officer, secretary or agent nominated by RealWise as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;
- (b) acknowledges that no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 9.6(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as RealWise reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers conferred in clause 9.6(a), RealWise and any director, officer, secretary or agent nominated by RealWise under that clause may act in the best interests of RealWise as the intended registered holder of the Scheme Shares.

9.7 Notices

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Kyckr, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Kyckr's registered office or at the Kyckr Share Registry as the case may be.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Kyckr Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.8 Inconsistencies

This Scheme binds Kyckr and all Scheme Shareholders, and to the extent of any inconsistency, overrides the Kyckr constitution.

9.9 No liability when acting in good faith

None of RealWise, Kyckr nor any director, officer, secretary or employee of RealWise or Kyckr will be liable for anything done or omitted to be done in good faith in the performance of this Scheme or the Deed Poll.

9.10 Further assurance

Each Scheme Shareholder and Kyckr will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, this Scheme and the transactions contemplated by it.

9.11 Alterations and conditions

If the Court proposes to approve this Scheme subject to any conditions or alterations under section 411(6) of the Corporations Act, Kyckr may, by its counsel, and with the prior consent of RealWise:

- (a) consent on behalf of all persons concerned, including each Kyckr Shareholder, to those alterations or conditions; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Kyckr has consented to.

9.12 Consent

Each of the Scheme Shareholders consents to Kyckr doing all things necessary or incidental to the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Kyckr or otherwise.

9.13 Stamp Duty

RealWise will:

- (a) pay any stamp duty (and any related fines, penalties and interest) payable on the transfer by Scheme Shareholders of the Scheme Shares to RealWise; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.13(a).

9.14 Governing Law

- (a) This Scheme is governed by and will be construed according to the laws of New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales and of the courts competent to determine appeals from those courts.

1 Dictionary

In this deed:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or, if the context requires, the financial market operated by it.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, New South Wales.

CHES means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.

Commitment Letter means the legally binding commitment letter from RealWise Holdings addressed to RealWise and Kyckr, dated 6 July 2022, pursuant to which RealWise Holdings has committed to provide \$43.5 million to RealWise for the purpose of funding the Scheme Consideration payable under the Scheme (as well as other costs and expenses incurred by RealWise in connection with the Scheme).

Corporations Act means the *Corporations Act 2001* (Cth), as amended by any applicable ASIC class order, ASIC legislative instrument or ASIC relief.

Court means the Supreme Court of New South Wales or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing.

Deed Poll means the deed poll executed by RealWise substantially in the form of Schedule 4 of the Scheme Implementation Deed under which RealWise covenants in favour of the Scheme Shareholders to perform all actions attributed to it under this Scheme.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme.

Effective Date means the date on which this Scheme becomes Effective.

End Date means the later of:

- (a) the date that is 6 months after the date of the Scheme Implementation Deed;
- (b) such other date and time agreed in writing between RealWise and Kyckr.

Excluded Shareholder means any Kyckr Shareholder who is RealWise or an entity that is wholly-owned by RealWise.

Governmental Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, Australian Taxation Office, ASIC, ASX and any regulatory organisation established under statute or any stock exchange.

Implementation Date means the fifth Business Day, or such other Business Day as RealWise and Kyckr agree, following the Record Date.

Kyckr Option means an option conferring on its holder the right, but not the obligation, to acquire a Kyckr Share.

Kyckr Performance Right means a right to be issued a Kyckr Share.

Kyckr Register means the register of members of Kyckr maintained by or on behalf of Kyckr in accordance with section 168(1) of the Corporations Act.

Kyckr Share means a fully paid ordinary share in the capital of Kyckr.

Kyckr Shareholder means each person who is registered in the Kyckr Register as a holder of Kyckr Shares.

Kyckr Share Registry means Boardroom Pty Limited or any replacement provider of share registry services to Kyckr.

Listing Rules means the official listing rules of ASX as amended from time to time.

RealWise means RealWise KYK AV Pty Ltd (ACN 660 041 074).

RealWise Holdings means RealWise Holdings Pty Limited (ACN 059 309 161).

Record Date means, in respect of this Scheme, 7.00pm on the third Business Day (or such other Business Day as the parties agree in writing) following the Effective Date.

Scheme means this scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Kyckr and the Scheme Shareholders as set out in this document together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and that are agreed to by RealWise and Kyckr.

Scheme Consideration means the consideration to be provided to Scheme Shareholders under the terms of this Scheme for the transfer to RealWise of their Scheme Shares, being an amount of \$0.08 for each Scheme Share.

Scheme Implementation Deed means the scheme implementation deed dated 6 July 2022 between RealWise and Kyckr, as amended or varied from time to time.

Scheme Meeting means the meeting of Scheme Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any adjournment or postponement of that meeting.

Scheme Order means the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

Scheme Share means a Kyckr Share on issue as at the Record Date other than any Kyckr Share then held by an Excluded Shareholder (but including any such Kyckr Share held on behalf of one or more third parties or otherwise in a fiduciary capacity).

Scheme Shareholder means each person who holds one or more Scheme Shares.

Scheme Transfer means, in relation to each Scheme Shareholder, a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes

of section 1071B of the Corporations Act, which may be a master transfer of all or part of all of the Scheme Shares.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

takes effect or taking effect means on and from the first time when an office copy of the Scheme Order approving the Scheme pursuant to section 411(4)(b) of the Corporations Act is lodged with ASIC pursuant to section 411(10) of the Corporations Act.

Trust Account has the meaning given in clause 6.2(a).

2 Interpretation

In this Scheme, except where the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation, trust or other body corporate;
 - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its agents, successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document; a clause, term, party, schedule or attachment is a reference to a clause or
 - (v) term of, or party, schedule or attachment to this Scheme;
 - (vi) this Scheme includes all schedules and attachments to it;
 - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
 - (viii) a statute includes any regulation, ordinance, by-law or other subordinate legislation made under it;

- (ix) an agreement other than this Scheme includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
- (x) a monetary amount is in Australian dollars;
- (g) an agreement on the part of two or more persons binds them jointly and each of them severally;
- (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (i) a reference to time is to Sydney, Australia time; and
- (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Scheme or any part of it.

Annexure C Deed Poll

Deed poll

RealWise KYK AV Pty Ltd

in favour of each Scheme Shareholder

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Date: 8 September 2022

This deed poll is made by

RealWise KYK AV Pty Ltd (ACN 660 041 074) of Unit 3, 1 Coggins Place, Mascot NSW 2020 (RealWise)

In favour of

each Scheme Shareholder.

Background

- A RealWise and Kyckr Limited (ACN 609 323 257) (**Kyckr**) have entered into a scheme implementation deed with respect to the Scheme and associated matters (**Scheme Implementation Deed**).
- B The effect of the Scheme will be to transfer all Scheme Shares to RealWise in exchange for the Scheme Consideration.
- C RealWise is entering into this deed poll to covenant in favour of the Scheme Shareholders that it will perform all actions attributed to it under the Scheme.

The parties agree:

1 Defined terms and interpretation

1.1 Defined terms

In this deed poll, unless otherwise defined, capitalised words and phrases have the same meaning as given to them in the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Kyckr and Scheme Shareholders in respect of all Scheme Shares, substantially in the form set out in Schedule 4 of the Scheme Implementation Deed or in such other form as Kyckr and RealWise agree in writing, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Kyckr and RealWise (**Scheme**).

1.2 Interpretation

In this deed poll, headings are for convenience only and do not affect its interpretation and, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) a reference to any document (including the Scheme) is to that document as varied, novated, ratified or replaced; and
- (c) a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to, this deed poll and a reference to this deed poll includes any annexure and schedule.

1.3 Nature of deed poll

RealWise acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholder is not party to it; and
- (b) under the Scheme, from the Effective Date, each Scheme Shareholder irrevocably appoints Kyckr as its agent and attorney to enforce this deed poll against RealWise on behalf of that Scheme Shareholder.

2 Condition precedent and termination

2.1 Condition precedent to obligations of the Scheme

This deed poll and the obligations of RealWise under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of RealWise under this deed poll will automatically terminate, and the terms of this deed poll will be of no further force or effect, if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective by the End Date,

unless RealWise and Kyckr agree otherwise in writing.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) RealWise is released from its obligations to further perform this deed poll, except those obligations under clause 6.7 which by their nature survive termination; and
- (b) each Scheme Shareholder retains the rights it has against RealWise in respect of any breach of this deed poll which occurs before it is terminated.

3 Scheme obligations

Subject to clause 2, RealWise covenants in favour of each Scheme Shareholder to:

- (a) by no later than the Business Day before the Implementation Date, deposit (or procure the deposit) in cleared funds an amount equal to the aggregate Scheme Consideration payable to the Scheme Shareholders in an Australian dollar denominated trust account operated by or on behalf of Kyckr as trustee of the Scheme Shareholders, provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to RealWise's account; and
- (b) perform all other obligations and actions attributed to it under, and otherwise comply with, the Scheme as if it were a party to the Scheme.

4 Warranties

RealWise represents and warrants with respect to itself in favour of each Scheme Shareholder that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms;
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or by which it is bound, and it is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this deed poll; and
- (f) it is not subject to any Insolvency Event (as that term is defined in the Scheme Implementation Deed).

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) RealWise has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 General

6.1 Notices

Any notice or other communication to RealWise in respect of this deed poll (**Notice**):

- (a) is only effective if:
 - (i) it is in writing, signed by the person making the communication or by a person duly authorised by that person;
 - (ii) it is directed to the recipient's address for notices as follows:

Address: Unit 3, 1 Coggins Place, Mascot NSW 2020
E-mail: s.karousos@realwiseholdings.com
Attn: Stratos Karousos

with a copy to Gilbert + Tobin:

Address: Level 35, Tower 2, International Towers Sydney,
200 Barangaroo Avenue, Barangaroo NSW 2000
E-mail: ccondoleon@gtlaw.com.au
Attn: Costas Condoleon

- (b) takes effect when received (or at a later time specified in it), and is taken to be received:
 - (i) if hand delivered, on delivery;
 - (ii) if sent by prepaid post, the second Business Day after the date of posting (or the seventh Business Day after the date of posting if posted to or from outside Australia);
 - (iii) if sent by email:
 - (A) when the sender receives an automated message confirming delivery; or
 - (B) 2 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,
- whichever happens first,
- but if the delivery or transmission under clause 6.1(b)(i) or 6.1(b)(ii) is not on a Business Day or after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the Business Day after that delivery, receipt or transmission.

6.2 Governing law

- (a) This deed poll is governed by and will be construed according to the laws of New South Wales.
- (b) RealWise irrevocably submit to the non-exclusive jurisdiction of the courts of New South Wales and of the courts competent to determine appeals from those courts.

6.3 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise by a party of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

6.4 Variation

This deed poll may not be varied unless:

- (a) if before the First Court Date (as defined in the Scheme Implementation Deed), the variation is agreed to by Kyckr; or
- (b) if on or after the First Court Date but before the Second Court Date (both as defined in the Scheme Implementation Deed), the variation is agreed to by Kyckr and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event RealWise will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

6.5 Cumulative rights

The rights, powers and remedies of RealWise and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

6.6 Assignment

The rights created by this deed poll are personal to RealWise and each Scheme Shareholder and may only be assigned with the prior written consent of RealWise and Kyckr.

6.7 Stamp duty

RealWise must:

- (a) pay any stamp duties and any related fines, penalties and interest in respect of this deed poll, the performance of this deed poll and each transaction effected by or made under or pursuant to this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 6.7(a).

6.8 Further assurances

RealWise must promptly do all things necessary or expedient to be done by it in connection with the matters referred to in this deed poll and to implement the Scheme.

Execution page

Executed as a deed poll.

Signed, sealed and delivered by **RealWise KYK AV Pty Ltd (ACN 660 041 074)** in accordance with section 127 of the *Corporations Act 2001* (Cth) by:

 Type text here

Signature of **Richard John White** who is the sole director and who states that **RealWise KYK AV Pty Ltd (ACN 660 041 074)** does not have a company secretary as at the date of signing

Annexure D Notice of Scheme Meeting

Notice of Scheme Meeting

Kyckr Limited ACN 609 323 257

Notice of Scheme Meeting

Notice is given that, by an order of the Court made on 12 September 2022 pursuant to section 411(1) of the Corporations Act, the Court has directed that a meeting of the Kyckr Shareholders is to be held:

at 6.00pm (AEDT)

on Wednesday, 19 October 2022

at Level 24, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000 and virtually through the online meeting platform at <https://web.lumiagm.com/315503051>

(Scheme Meeting).

Purpose of the Meeting

The purpose of the Scheme Meeting is to consider, and if thought fit, to agree to a scheme of arrangement (with or without modifications, alterations or conditions required by the Court to which Kyckr and RealWise agree in writing) proposed to be made between Kyckr and the Scheme Shareholders as at the Record Date, pursuant to Part 5.1 of the Corporations Act, and to consider and, if thought fit, to pass the Scheme Resolution.

Further information about the Scheme is set out in the accompanying explanatory statement (for the purposes of section 412 of the Corporations Act) which, together with this Notice of Scheme Meeting, forms part of the Scheme Booklet.

Unless otherwise defined, capitalised terms used in this Notice of Scheme Meeting have the meaning given in the Glossary in Section 10 of the Scheme Booklet.

Scheme Resolution

To consider, and if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

Scheme Resolution

“That pursuant to and in accordance with section 411 of the Corporations Act, the Scheme, the terms of which are contained in and more particularly described in the Scheme Booklet of which this Notice of Scheme Meeting forms part, is approved (with or without modifications, alterations or conditions as approved by the Court and agreed to by Kyckr and RealWise in writing) and, subject to approval of the Scheme by the Court, the Kyckr Board is authorised to implement the Scheme with any such modifications, alterations or conditions.”

Requisite Majorities

In accordance with section 411(4)(a)(ii) of the Corporations Act, for the Scheme to proceed, the Scheme Resolution must be approved by:

1. unless the Court orders otherwise, a majority in number (more than 50%) of Kyckr Shareholders present and voting at the Scheme Meeting (in person or virtually, or by proxy, corporate representative or attorney); and

2. at least 75% of the votes cast on the Scheme Resolution by Kyckr Shareholders present and voting at the Scheme Meeting (in person or virtually, or by proxy, corporate representative or attorney).

Chair of Scheme Meeting

The Court has directed that Rajarshi Ray is to act as Chair of the Scheme Meeting (and that, if Rajarshi Ray is unable or willing to act, George Venardos is to act as Chair of the Scheme Meeting) and has directed the Chair to report the result of the Scheme Meeting to the Court.

Kyckr Board Recommendation

For the reasons set out in the Scheme Booklet, the Kyckr Board unanimously recommends that eligible Kyckr Shareholders vote in favour of the Scheme Resolution in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders.¹ You should carefully read the Scheme Booklet (including the Independent Expert's Report) in its entirety before making your decision in relation to the Scheme.

Dated: 13 September 2022

By order of the Court



Glenn Day

Company Secretary

Kyckr Limited

¹ You should note, when considering the Kyckr Board's recommendation, the interests of the each Kyckr Director in securities in Kyckr, including the Kyckr Options, as set out in Sections 3.5 and 9.2, and footnote 4, of the Scheme Booklet.

Notes in relation to Notice of Scheme Meeting

Material accompanying this Notice

This Notice of Scheme Meeting (including these notes) should be read in conjunction with the Scheme Booklet (of which this Notice of Scheme Meeting forms part). The Scheme Booklet contains important information to assist you to decide how to vote at the Scheme Meeting.

Unless otherwise defined, capitalised terms used in the Notice of Scheme Meeting and these notes have the meaning given in the Glossary in Section 10 of the Scheme Booklet.

A copy of the Scheme is set out in Appendix B to the Scheme Booklet.

Scheme Meeting format

Kyckr Shareholders and their proxies, attorneys and corporate representatives may participate in the Scheme Meeting either in person at Level 24, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000 or via the online platform at <https://web.lumiagm.com/315503051>.

Due to the continuing health risks arising from the COVID-19 pandemic, Kyckr Shareholders (and their proxies, attorneys and corporate representatives) are encouraged to consider attending the Scheme Meeting via the online platform rather than at the physical venue.

Further details on how to participate in the Scheme Meeting are set out in these notes and in the Online Meeting Guide which will be released to the ASX and will be available on Kyckr's website www.kyckr.com/investors.

Kyckr Shareholders who are unable to, or do not wish to, participate in the Scheme Meeting, are encouraged to lodge a proxy by either completing the Proxy Form enclosed with this Scheme Booklet or by lodging a proxy online at <https://www.votingonline.com.au/kyksm2022>, in accordance with the instructions on the form or website (as applicable), so that it is received by no later than 6.00pm (AEDT) on Monday, 17 October 2022.

Court approval

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders must be lodged with ASIC.

If the Scheme Resolution (set out in the Notice of Scheme Meeting) is approved at the Scheme Meeting by the Requisite Majorities and the other Conditions Precedent to the Scheme (other than Court approval of the Scheme) are satisfied or (if applicable) waived, Kyckr intends to apply to the Court for the necessary orders to approve the Scheme.

Eligibility to vote

For the purposes of the Scheme Meeting, the time for determining voting entitlements is 7.00pm (AEDT) on Monday, 17 October 2022. Share transfers registered after that time will be disregarded for the purposes of determining entitlements to attend and vote at the Scheme Meeting.

Voting will be conducted by way of poll. Every Kyckr Shareholder who is present in person, virtually, by proxy, attorney or, in the case of holders or proxies which are bodies corporate, by corporate representative, will have one vote for each Kyckr Share held by that Kyckr Shareholder.

Mr Richard White has indicated that he intends to abstain from voting any of his Kyckr Shares at the Scheme Meeting.

Participation in the Scheme Meeting

Kyckr Shareholders and their proxies, attorneys and duly appointed corporate representatives can participate in and vote at the Scheme Meeting either in person at Level 24, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000 or via the online platform at <https://web.lumiagm.com/315503051>.

The online platform will allow Kyckr Shareholders and their proxies, attorneys and duly appointed corporate representatives to listen to the Scheme Meeting, cast an online vote and ask questions online (either in writing or verbally).

To participate in the Scheme Meeting and vote online, you will need to log into the meeting by entering the URL <https://web.lumiagm.com/315503051> into a web browser on your computer, tablet or smart phone. Further instructions are available in the Online Meeting Guide which will be released to the ASX (www.asx.com.au) and will be available on Kyckr's website www.kyckr.com/investors.

Please note that only verified Kyckr Shareholders (and their duly appointed proxies, attorneys and corporate representatives) may ask questions. It may not be possible to respond to all questions that Kyckr Shareholders may have during the Scheme Meeting. As such, Kyckr Shareholders are encouraged to e-mail their questions to Kyckr prior to the Scheme Meeting at investor.relations@kyckr.com by 6.00pm (AEDT) on Friday, 14 October 2022.

How to vote

If you are a Kyckr Shareholder entitled to vote at the Scheme Meeting, you may vote:

- in person, by attending the Scheme Meeting at the physical venue and voting;
- online, by participating in the Scheme Meeting and voting via the virtual meeting online platform at <https://web.lumiagm.com/315503051>;
- by proxy, by lodging a proxy online at <https://www.votingonline.com.au/kyksm2022>, or by completing, signing and lodging the Proxy Form in accordance with the instructions on that form. To be effective, your proxy appointment must be received by the Kyckr Share Registry by 6.00pm (AEDT) on 17 October 2022;
- by attorney, by appointing an attorney to participate in and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Kyckr Share Registry by 6.00pm (AEDT) on 17 October 2022; or
- by corporate representative, in the case of a body corporate, appointing a body corporate representative to participate in and vote at the Scheme Meeting on your behalf, and providing a duly executed certificate of appointment in accordance with the "Voting by corporate representative" section below.

Even if you plan to participate in the Scheme Meeting in person or online, you are still encouraged to submit a directed proxy in advance of the meeting so that your votes can still be counted if, for any reason, you cannot participate on the day.

Voting online

To vote online, you must participate in the Scheme Meeting via the virtual meeting online platform at <https://web.lumiagm.com/315503051>.

Online voting will be available between the commencement of the Scheme Meeting and the closing of voting as announced by the Chair during the meeting.

See "Participation in the Scheme Meeting" section above for more information.

Voting by proxy

Kyckr Shareholders entitled to attend and vote at the Scheme Meeting can vote by proxy. A proxy need not be a Kyckr Shareholder.

The Proxy Form is enclosed with the Scheme Booklet. Instructions on how to complete and lodge the Proxy Form are included on the form. Please note that the Proxy Form must be received by the Kyckr Share Registry, whose details are listed on the Proxy Form, by no later than 6.00pm (AEDT) on Monday, 17 October 2022. If you have an attorney sign a Proxy Form on your behalf, the original or a certified copy of the power of attorney must be received by the Kyckr Share Registry by the same deadline as for the Proxy Form (unless previously provided to the Kyckr Share Registry).

You can also lodge a proxy online at <https://www.votingonline.com.au/kyksm2022>. Note that to lodge a proxy online, you must do so by the same deadline referred to above, being 6.00pm (AEDT) on Monday, 17 October 2022.

A Kyckr Shareholder entitled to attend and cast two or more votes at the Scheme Meeting is entitled to appoint no more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the Kyckr Shareholder's voting rights. If a Kyckr Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Kyckr Shareholder's votes, each proxy will be entitled to exercise half of that Kyckr Shareholder's votes with any fractions of votes disregarded.

If you do not instruct your proxy on how to vote, you will be taken (for all relevant purposes) to have given your proxy discretion as to how to vote and your proxy may vote as they see fit at the Scheme Meeting.

A Kyckr Shareholder may appoint the Chair of the Scheme Meeting as their proxy by nominating him in the Proxy Form. If a Kyckr Shareholder returns their Proxy Form but does not nominate the identity of their proxy, the Chair of the Scheme Meeting will automatically be their proxy. If a Kyckr Shareholder returns their Proxy Form but their nominated proxy does not attend the Scheme Meeting, then their proxy will revert to the Chair of the Scheme Meeting. For resolutions determined on a poll, if a Kyckr Shareholder's nominated proxy is either not recorded as attending the Scheme Meeting or does not vote on the Scheme Resolution in accordance with the Kyckr Shareholder's directions, the Chair of the Scheme Meeting is taken, before voting on the Scheme Resolution closes, to have been appointed as the Kyckr Shareholder's proxy for the purposes of voting on the Scheme Resolution.

The Chair of the Scheme Meeting intends to vote all available proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Kyckr Shareholders.

If you have appointed a proxy, when logging in to the live webcast of the Scheme Meeting, you will have the option to either revoke your proxy or view the Scheme Meeting as a 'visitor'. If you revoke your proxy when logging in, you will be able to participate in and vote at the Scheme Meeting. However, if you do not revoke your proxy, then you will only be able to view the live webcast of the Scheme Meeting, and will not be able to personally vote on the Scheme Resolution.

Voting by attorney

For persons voting through powers of attorney, the power of attorney, or a certified copy of the power of attorney, must be received by the Kyckr Share Registry no later than 6.00pm (AEDT) on Monday, 17 October 2022.

The power of attorney, or a certified copy of it, may be submitted in the same manner as a completed Proxy Form as described above.

Voting by corporate representative

A body corporate may elect to appoint a representative in accordance with section 250D of the Corporations Act. Kyckr will require a certificate of appointment of the corporate representative

executed in accordance with the Corporations Act. A form of this certificate can be obtained from <https://boardroomlimited.com.au/>.

The certificate of appointment must be lodged with the Kyckr Share Registry before the commencement Scheme Meeting.

Jointly held securities

If Kyckr Shares are jointly held, either one of the joint Kyckr Shareholders is entitled to vote. However, if more than one joint Kyckr Shareholder votes in respect of jointly held Kyckr Shares, only the vote of the Kyckr Shareholder whose name appears first in the Kyckr Register will be counted.

Technical difficulties

Technical difficulties may arise during the course of the Scheme Meeting. The Chair has discretion as to whether and how the Scheme Meeting should proceed if a technical difficulty arises. In exercising this discretion, the Chair will have regard to the number of Kyckr Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

Corporate Directory

Registered office

Level 16
1 Market Street
Sydney NSW 2000

Website

www.kyckr.com/investors

Kyckr Shareholder Information Line

1300 370 557 (within Australia)
+61 2 8023 5465 (outside Australia)
Between 8.30am and 5.30pm (AEDT), Monday to Friday

Financial adviser

Latimer Partners Pty Ltd
Level 24
Governor Macquarie Tower
One Farrer Place
Sydney NSW 2000

Legal adviser

Addisons
Level 12
60 Carrington Street
Sydney NSW 2000

Tax adviser

Nexia Sydney Tax Advisory Pty Ltd
Level 16
1 Market Street
Sydney NSW 2000

Independent Expert

Kroll Australia Pty Ltd
Level 32
85 Castlereagh Street
Sydney NSW 2000

Share Registry

Boardroom Pty Ltd
Level 12
225 George Street
Sydney NSW 2000