

Q3 SaaS growth demonstrates the flex potential

Kinatico Ltd (ASX:KYP) is a 'Know Your People' regtech company providing workforce compliance monitoring and management technology and services. The company recently reported Q3 NPAT of \$0.4m and positive cash flow of \$0.2m, excluding buyback expenditure. Q3 sales were a record \$7.0m, including \$1.5m of SaaS revenue, which was up 143% on the previous corresponding period (pcp) and 51% on the prior quarter. SaaS revenue made up 21% of total revenue in Q3, compared with 9% in the same quarter a year ago and on an annualised basis is tracking to \$5.8m. We are forecasting Q4 SaaS revenue of \$2.2m and total revenue for the quarter of \$7.4m. It is our expectation that Kinatico will continue to see migration of existing customers from one-off transactional revenue to ongoing subscription for its compliance monitoring platform. We also forecast significant growth in new clients to the platform which will overall offset the shift away from transactional revenue. This will have the effect of increasing gross margins, at 64.5% in H1 FY23, to above 70% longer term and increase both the longevity and lifetime value of clients. Our forecasts incorporate our expectation that SaaS revenue as a percentage of total sales will rise from a forecasted 19% in FY23 to 47% in FY25 and 76% by FY30. Our DCF-derived valuation is \$0.23/share, fully diluted for options on issue and our forecasts for the share buyback.

Business model

Over the last 12 months, Kinatico has focussed its business on the generation of SaaS revenue from the provision of simplified real-time workforce compliance monitoring and management. SaaS revenue accounted for 12.5% of H1 FY23 revenue and 20.8% of Q3 revenue. The business also has a long-standing screening and verification (SaV) revenue stream, under the brand CVCheck, from transactions, which tend to be one-time (although 80% of customers are recurring), (87.5% of H1 FY23 revenue and 79.2% of Q3 revenue). SaV services generate transactional revenue with fees charged per check on a PAYG basis. They are targeted at business, skewed to police checks, and somewhat leveraged to the employment market. For SaaS, customers (employers) pay a set monthly SaaS fee for an end-to-end compliance management solution. KYP now offers a simple, monthly, all-in fee per worker ranging from \$15-\$30. Kinatico is focussed on transitioning all of its revenue to SaaS.

Q3 result demonstrates the benefits of costs and SaaS focus

Kinatico delivered a 143% increase in SaaS revenue in Q3 to \$1.5m, which drove total Q3 revenue up 2% to \$7.0m on the pcp and 5% on Q2. SaaS revenue on an annualised basis is running at \$5.8m. The company delivered Q3 free cash flow of \$0.47m, an increase of 258% on the pcp and an \$0.85m turnaround on Q2, despite increasing investment on development spend for OnCite, Cited and Scantek. Cash receipts for the quarter were \$7.62m, up 4% on the pcp. Operating cash costs were well contained in the quarter, down 4.7% on the pcp and down 12.6% on Q2 FY23. Cash at the end of the period was \$10.4m after spending \$0.4m on the buyback. Our forecasts have been reworked following a change in covering analyst.

DCF valuation of \$0.23/share, fully diluted or \$101.1m

Our DCF valuation is \$0.23/share or \$101.1m, fully diluted for options on issue and our forecast for shares at 30 June following the current share buyback. Our DCF methodology incorporates a WACC of 14.4% and a terminal growth rate of 2.2%. This implies EV/Revenue multiples of 3.6x for FY23f and 3.1x for FY24f, compared with the current multiples of 1.0x FY23 and 0.8x FY24. On a relative basis, KYP is trading at a 35% discount to the median of seven ASX-listed peers. Its nearest ASX peer, Xref (ASX:XF1), is also trading at a 35% premium. In our view, key re-rating catalysts include material new SaaS contracts and continued conversion of existing clients as well as sustained positive free cash flow and operating profit.

Historical earnings and RaaS estimates (in A\$m unless otherwise stated)

| Year end | Revenue | Gross profit | EBITDA adj. | NPAT adj. | EPS adj. | EV/Revenue (x) | EV/EBITDA (x) | PER (x) |
|----------|---------|--------------|-------------|-----------|----------|----------------|---------------|---------|
| 06/22a | 26.4 | 16.8 | 1.8 | (0.8) | (0.18) | 1.0 | 14.8 | n.a |
| 06/23f | 28.1 | 18.2 | 2.5 | 0.1 | 0.03 | 0.9 | 10.7 | 0.0 |
| 06/24f | 32.6 | 21.6 | 5.6 | 2.5 | 0.60 | 0.8 | 4.6 | 14.3 |
| 06/25f | 38.4 | 25.8 | 8.9 | 4.6 | 1.10 | 0.6 | 2.6 | 7.8 |

Sources: Company data; RaaS estimates for FY23f, FY24f and FY25f. Adjusted EBITDA, NPAT and EPS exclude one-time and non-cash items including share-based compensation

Software & Services

18 May 2023

Share Details

| | |
|--|---------------|
| ASX code | KYP |
| Share price (17-May) | \$0.086 |
| Market capitalisation | \$37.7M |
| Shares on issue | 424.2M |
| Net cash at 31-Mar-23 | \$10.4M |
| Free float (including founders/ excluding founders) | ~66%/ ~80% |

Share Performance (12 months)



Company Interview

RaaS Interview with CEO Michael Ivanchenko:
[Kinatico RaaS Interview 11 May 2023](#)

Upside Case

- SaaS take-up exceeds expectations
- Highly-scalable business model
- Well positioned for potential M&A

Downside Case

- Lower/slower-than-expected SaaS uptake rate
- Enterprise customers take longer than expected to sign-up
- Pursuit of planned international expansion leads to higher-than-expected costs/losses

Catalysts

- Material new contracts for SaaS offering
- Delivery of process automation → positioning for future scalability and operating leverage
- M&A activity highlighting relative valuations

Company Contact

Michael Ivanchenko (CEO) +61 408 712 795
michaelivanchenko@kinatico.com

RaaS Contact

Finola Burke +61 414 354 712
finola.burke@raasgroup.com

Q3 Results Discussion

Kinatico delivered Q3 revenue of \$7.0m, an increase of 2% on the pcp and up 5% on Q2. The growth was entirely driven by SaaS revenue which increased 143% on the pcp and was up 51% on Q2. SaV revenue declined 12% on the pcp and was down 3% on Q2. This is not unexpected as Kinatico has a stated ambition to move both existing and new customers to subscription services.

Cash receipts for Q3 were \$7.62m, up 4.1% on the pcp and down 2.6% on Q2. Operating cash costs, however, were also lower at \$6.21m, compared with \$6.51m in the same quarter in FY22 and \$7.11m in Q2 FY23. Operating cash profit for the quarter was \$1.37m and after including capitalised tech development and ongoing maintenance capex, free cash flow for the quarter was positive \$0.47m, a 258% increase on the pcp and \$0.85m turnaround from Q2. Net cash at the end of the period was \$10.4m, after paying \$0.38m in the current share buyback.

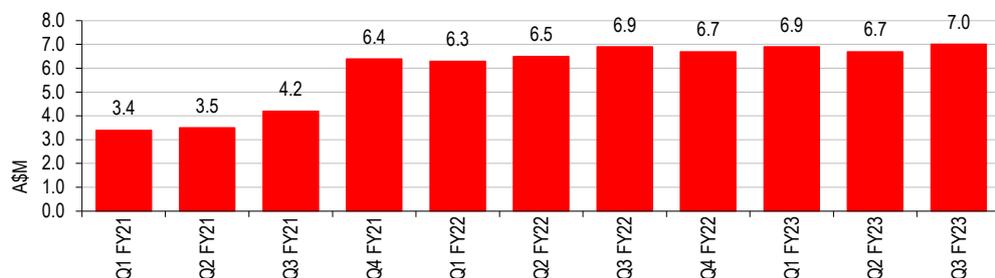
Exhibit 1: Q3 revenue and key cash-flow statement figures (in A\$m unless otherwise stated)

| | Q1 FY22a | Q2 FY22a | Q3 FY22a | Q1 FY23a | Q2 FY23a | Q3 FY23a | % chg on pcp (Q1) | % chg on pcp (Q2) | % chg on pcp (Q3) |
|---------------------------------------|--------------|------------|------------|--------------|--------------|------------|-------------------|-------------------|-------------------|
| Sales revenue | 6.3 | 6.5 | 6.9 | 6.9 | 6.7 | 7.0 | 10 | 3 | 2 |
| <i>Comprising</i> | | | | | | | | | |
| - Transactional revenue (SaV) | 5.7 | 5.9 | 6.3 | 6.2 | 5.7 | 5.6 | 8 | (3) | (12) |
| - SaaS revenue | 0.6 | 0.6 | 0.6 | 0.7 | 1.0 | 1.5 | 20 | 59 | 143 |
| Key cash-flow figures | | | | | | | | | |
| Net operating cash flow | 0.0 | 1.2 | 0.9 | 0.2 | 0.7 | 1.4 | 606 | (41) | 60 |
| Capitalised tech dev. spend and capex | (0.6) | (0.5) | (0.7) | (1.1) | (1.1) | (0.9) | 74 | 102 | 24 |
| Free cash flow | (0.6) | 0.7 | 0.1 | (0.8) | (0.4) | 0.5 | 43 | (158) | 258 |
| Net cash at end of period | 12.3 | 12.3 | 12.4 | 11.1 | 10.5 | 10.4 | (10) | (14) | (16) |

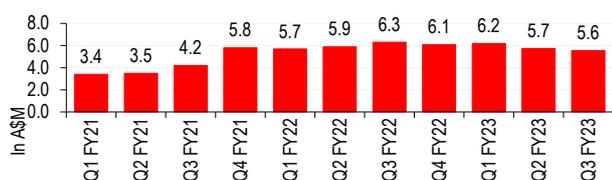
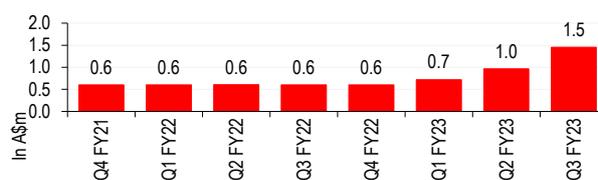
Source: KYP announcements

Kinatico's Q3 revenue was a record for the group and exceeded the previous record set in Q3 FY22 and Q1 FY23. As Exhibit 3 and 4 show, the growth has been in SaaS revenue with a decline in SaV revenue, which has been part of a deliberate strategy to upsell existing clients and new customers to the Cited and Enable simplified real-time workforce compliance monitoring and management solutions. We see the jump in Q3 SaaS revenue, as demonstrated in Exhibit 4, as an important step-change with customers. Our forecasts, which we discuss on page 4, anticipate that over time, SaaS revenue will outstrip SaV revenue and become the largest contributor to group revenue.

Exhibit 2: Quarterly revenue (unaudited in A\$m) – Q4 FY21 to Q3 FY23



Source: Company reports

Exhibit 3: SaV revenue by quarter (in A\$m)

Exhibit 4: SaaS revenue by quarter (in A\$m)


Source: Company reports

Source: Company reports

H1 FY23 Analysis

Given it has been some months since RaaS has published on KYP, we have taken the opportunity to consider the H1 FY23 results, which are set out in the table below. We have also included our forecasts for H2 FY23 to show our expectations for the full year.

Exhibit 5: Half-yearly P&L and key cash-flow statement forecasts (in A\$m unless otherwise stated)

| | H1 FY22a | H2 FY22a | FY22a | H1 FY23a | H2 FY23f | FY23f | % chg on pcp (H1) | % chg on pcp (H2) | % chg on pcp (FY) |
|--|---------------|---------------|----------------|---------------|-------------------|----------------|-------------------|-------------------|-------------------|
| Profit & Loss Statement | | | | | | | | | |
| Sales revenue | | | | | | | | | |
| - SaV revenue | 11.61 | 12.33 | 23.93 | 11.90 | 10.80 | 22.70 | 2.49 | (12.39) | (5.17) |
| - SaaS revenue | 1.20 | 1.24 | 2.44 | 1.69 | 3.66 | 5.35 | 41.16 | 195.87 | 119.68 |
| Total sales revenue | 12.81 | 13.56 | 26.37 | 13.59 | 14.46 | 28.05 | 6.11 | 6.60 | 6.37 |
| Cost of sales | (4.66) | (4.95) | (9.61) | (4.83) | (4.99) | (9.82) | 3.76 | 0.76 | 2.21 |
| Gross margin | 8.15 | 8.62 | 16.77 | 8.76 | 9.47 | 18.23 | 7.46 | 9.88 | 8.70 |
| <i>Gross margin (%)</i> | <i>63.66</i> | <i>63.55</i> | <i>63.60</i> | <i>64.46</i> | <i>65.50</i> | <i>65.00</i> | <i>0.6 pts</i> | <i>0.8 pts</i> | <i>1.4 pts</i> |
| Operating costs | | | | | | | | | |
| - Employment costs | (5.02) | (5.06) | (10.08) | (5.69) | (5.12) | (10.81) | 13.30 | 1.26 | 7.26 |
| - Sales, general and admin costs | (1.75) | (2.51) | (4.26) | (1.74) | (1.76) | (3.49) | (0.72) | (29.99) | (17.96) |
| - Other expenses | (0.30) | (0.34) | (0.63) | (0.73) | (0.74) | (1.47) | 147.20 | 120.83 | 133.21 |
| Total operating costs | (7.07) | (7.90) | (14.97) | (8.16) | (7.62) | (15.78) | 15.45 | (3.59) | 5.40 |
| EBITDA exc. non-cash items | 1.09 | 0.72 | 1.80 | 0.60 | 1.85 | 2.45 | (44.58) | 157.99 | 36.11 |
| EBITDA margin (%) | 8.47 | 5.30 | 6.84 | 4.42 | 12.82 | 8.75 | (4.1) pts | 6.9 pts | 1.6 pts |
| - Share-based payment expenses (non-cash)* | (0.38) | (0.32) | (0.70) | (0.20) | -* | (0.20) | (0.47) | n.a | n.a |
| EBITDA – Reported | 0.71 | 0.36 | 1.06 | 0.40 | 1.85 | 2.25 | (43.30) | 418.49 | 111.86 |
| Depreciation and amortisation | (1.30) | (1.10) | (2.40) | (1.39) | (1.13) | (2.52) | 6.91 | 2.45 | 4.86 |
| EBIT exc. non-cash items | (0.21) | (0.38) | (0.60) | (0.79) | 0.73 | (0.06) | 268.82 | (289.89) | (89.77) |
| Net interest | 0.01 | 0.01 | 0.02 | 0.01 | 0.19 | 0.20 | 33.74 | nm | nm |
| Net profit/(loss) before tax | (0.21) | (0.37) | (0.58) | (0.78) | 0.92 | 0.14 | 276.30 | (347.96) | (124.12) |
| Income tax expense | (0.04) | (0.15) | (0.19) | - | - | - | nm | nm | nm |
| Net profit/(loss) after tax | (0.25) | (0.52) | (0.76) | (0.78) | 0.92 | 0.14 | 214.66 | (277.64) | (118.21) |
| NPAT reported | (0.63) | (0.88) | (1.50) | (0.98) | 0.92 | (0.06) | 56.37 | (204.54) | (95.89) |
| Key Cash-flow Statement Figures | | | | | | | | | |
| Net operating cash flow | 1.22 | 1.84 | 3.06 | 0.93 | 2.00 | 2.94 | (23.41) | 8.91 | (3.98) |
| Capitalised tech dev spend and capex | (1.15) | (1.66) | (2.80) | (2.14) | (2.01) | (4.14) | 86.73 | 21.13 | 47.97 |
| Free cash flow | 0.07 | 0.18 | 0.26 | (1.20) | (0.00) | (1.21) | n.m. | n.m. | n.m. |
| Net cash at end of period | 12.17 | 12.20 | 12.20 | 10.48 | 9.71 [^] | 9.71 | (13.90) | (20.41) | (20.41) |

Sources: KYP financial statements and announcements, and RaaS forecasts *Note that RaaS does not forecast share-based payments [^]Note that RaaS has assumed that H2 share buyback expenditure is 2 x Q3 expenditure of \$0.38m.

Key points to note from the H1 result:

- KYP's H1 FY23 revenue of \$13.6m (up 6% on the pcp) comprised \$11.9m SaV revenue (up 2.5% yoy) and \$1.7m SaaS revenue (up 41% yoy).
- Gross margin as a percentage of revenue increased 60 basis points half-on-half to 64.46%;

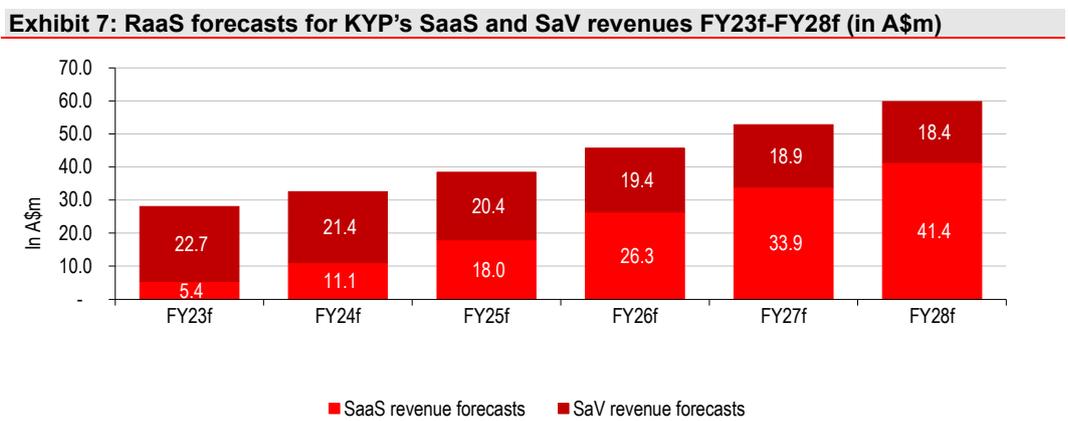
- Operating costs increased 15.5% to \$8.16m, predominantly due to increased employee costs and other expenses;
- H1 EBITDA of \$0.6m pre- non-cash items including share-based payments, compared with \$1.09m a year before;
- Operating cash flow in H1 FY23 was positive \$0.93m, down 23.4% on the pcp, largely due to the full half effect of having Bright Technologies on board. Cash receipts for the half were \$15.4m versus \$14.4m in H1 FY22. Free cash flow after capitalised development costs and maintenance capex was negative \$1.2m for H1 FY23, compared with a positive \$0.07m in H1 FY22; and
- KYP disclosed several metrics which enable its revenue growth and composition to be considered from three perspectives, namely: (1) Product line; (2) Geography (Australia vs. New Zealand); and (3) Third-party integrations, which we set out in Exhibit 6.

| Exhibit 6: Revenue composition and growth (in A\$m unless otherwise stated) | | | |
|--|-------------|-------------|--------------|
| | H1 FY22a | H1 FY23a | % chg on pcp |
| Total revenue | 12.8 | 13.6 | 6.1 |
| 1. Revenue by product line | | | |
| Criminal history checks | 7.7* | 8.2 | 6.5 |
| Other (non-criminal history) checks | 4.0* | 3.7 | (5.3) |
| SaaS | 1.2 | 1.7 | 41.2 |
| % of total revenue | | | |
| - Criminal history checks | 60 | 60 | |
| - Other (non-criminal history) checks | 31 | 28 | |
| - SaaS | 9 | 12 | |
| 2. Revenue by geography | | | |
| Australia | 11.1 | 11.9 | 7.2 |
| New Zealand | 1.7 | 1.7 | (1.0) |

Source: KYP half-yearly reports; *Revised/restated vs. H1 FY22 half-yearly report which included \$8.6m for criminal history checks and \$3.0m for other checks

Earnings Forecasts

Given the change in covering analyst, we thought it timely to provide more detail on our longer-term forecasts for KYP. As the following exhibit shows, we are expecting SaaS revenue to overtake SaV revenue in FY26. Our expectations are that stand-alone SaV transactions will gradually decline by 5% a year as more existing customers and new customers opt to take on Kinatico’s broader compliance monitoring platform, which incorporate criminal and other checks. At FY28f, it is our expectation that SaaS revenue will make up 69% of total revenue, compared with our forecast for 19% in FY23f.



Source: Company reports

We expect this to have the effect of increasing the gross profit margin to 70% by FY28f from a forecasted 65% in FY23f. Our P&L forecasts are set out in the following exhibit. Note that at 30 June 2028, it is our expectation that the SaaS platform will be managing an estimated 108,000 employees a year.

Exhibit 8: RaaS's forecasts FY23f to FY28f (in A\$m unless otherwise stated)

| | FY23f | FY24f | FY25f | FY26f | FY27f | FY28f | 6-year CAGR (%) |
|--------------|-------|-------|-------|-------|-------|-------|-----------------|
| Revenue | 28.1 | 32.6 | 38.4 | 45.7 | 52.8 | 59.8 | 16.3 |
| Gross profit | 18.2 | 21.6 | 25.8 | 31.2 | 36.6 | 42.0 | 18.2 |
| GP % | 65.0 | 66.3 | 67.3 | 68.3 | 69.3 | 70.3 | 1.6 |
| EBITDA | 2.5 | 5.6 | 8.9 | 13.3 | 17.6 | 21.8 | 54.8 |
| EBIT | (0.1) | 3.2 | 6.2 | 10.4 | 14.5 | 18.6 | n.m. |
| NPAT | 0.1 | 2.5 | 4.6 | 7.6 | 10.7 | 13.8 | 150.9 |
| EPS | 0.0 | 0.6 | 1.1 | 1.8 | 2.5 | 3.3 | 151.3 |

Source: RaaS estimates

DCF Valuation

Our valuation utilises a discounted cash-flow methodology which we consider to be the most appropriate methodology for valuing KYP at this point in its lifecycle as it pursues its SaaS sales growth strategy. Our discount rate of 14.4% includes a beta of 1.7x, which is the five-year rate observed by Refinitiv. We have also used our forecast for net cash of \$9.7m at 30 June. This includes our forecast for H2 expenditure of \$0.77m on the share buyback. We have assumed all options on issue (13.3m) convert and that the share buyback results in 419.6m shares on issue. This gives us a DCF valuation of \$0.23/share, which implies an EV/Revenue of 3.6x FY23F and 3.1x FY24f.

Exhibit 9: DCF valuation

| Parameters | Outcome |
|--|---------------|
| Discount rate / WACC | 14.4% |
| Beta* | 1.7x |
| Terminal growth rate assumption | 2.2% |
| Sum of PV (A\$m) | 51.8 |
| PV of terminal value (A\$m) | 39.6 |
| PV of enterprise (A\$m) | 91.4 |
| Net debt / (cash) – 30 June 2023 (est) (A\$m) | (9.7) |
| Net valuation – equity (A\$m) | 101.1 |
| No. of shares on issue (fully-diluted for options on issue & adjusted for share buyback) (M) | 433 |
| NPV per share (A\$) | \$0.23 |

Sources: RaaS estimates, *Refinitiv's observed beta of 1.71x based on its five-year monthly beta methodology

Peer EV/Revenue Trading Multiples

We have looked at comparable ASX-listed companies, of which there are seven, to consider peer EV/Revenue trading multiples. The company most comparable to Kinatico is XREF (ASX:XF1) which also operates in the reference checking arena. Other comparable regulatory or workforce compliance SaaS operators include Damstra Holdings (ASX:DTC), Knosys (ASX:KNO), K2fly (ASX:K2F) and Wrkr (ASX:WRK). We have included talent engagement group LiveHire and accounting compliance company 8Common for completeness. As set out in the table below, KYP is currently trading at a discount of 35% relative to its ASX-listed peers based on FY22a EV/Revenue respectively. The discount to XF1, its closest ASX peer, is now ~35% on FY22a.

| Exhibit 10: KYP discount to ASX-listed peer EV/Revenue trading multiples | | | | |
|---|-----------------|---------------------------|--------------------------------|-----------------------------|
| Company | ASX code | Market cap. (A\$M) | Enterprise value (A\$M) | EV/Revenue (FY22a) X |
| 8Common Ltd | 8CO | 19.9 | 17.8 | 3.89 |
| Damstra Holdings Ltd | DTC | 20.3 | 30.9 | 1.01 |
| K2fly Ltd | K2F | 17.2 | 13.1 | 1.31 |
| Knosys Ltd | KNO | 15.3 | 12.5 | 1.28 |
| LiveHire Ltd | LVH | 24.1 | 13.3 | 1.58 |
| Wrkr Ltd | WRK | 24.4 | 19.7 | 3.09 |
| Xref Ltd | XF1 | 33.0 | 26.2 | 1.35 |
| Median | | 20.3 | 17.8 | 1.35 |
| Kinatico | KYP | 37.7 | 27.3 | 1.00 |

Sources: RaaS analysis, Refinitiv; Based on closing prices on 12 May 2023

Exhibit 11: Financial Summary

| Kinatico | | | | | | Share price (17 May 2023) | | | | | | A\$ | 0.086 | | | | |
|------------------------------------|--------------|--------------|--------------|-------------|-------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------|-------|-------|-------|-------|
| Profit and Loss (A\$m) | | | | | | Interim (A\$m) | | | | | | H122A | H222A | H123A | H223F | H124F | H224F |
| Y/E 30 June | FY21A | FY22A | FY23F | FY24F | FY25F | Revenue | 12.8 | 13.6 | 13.6 | 14.5 | 16.0 | 16.6 | | | | | |
| Transactional revenue | 16.9 | 23.9 | 22.7 | 21.4 | 20.4 | EBITDA | 1.1 | 0.7 | 0.6 | 1.9 | 2.7 | 2.9 | | | | | |
| SaaS revenue | 0.6 | 2.4 | 5.4 | 11.1 | 18.0 | EBIT | (0.2) | (0.4) | (0.8) | 0.7 | 1.5 | 1.7 | | | | | |
| Sales Revenue | 17.5 | 26.4 | 28.1 | 32.6 | 38.4 | NPAT (normalised) | (0.2) | (0.5) | (0.8) | 0.9 | 1.2 | 1.3 | | | | | |
| Gross Profit | 10.3 | 16.8 | 18.2 | 21.6 | 25.8 | Minorities | - | - | - | - | - | - | | | | | |
| EBITDA underlying | 1.5 | 1.8 | 2.5 | 5.6 | 8.9 | NPAT (reported) | (0.6) | (0.9) | (1.0) | 0.9 | 1.2 | 1.3 | | | | | |
| Depn | (0.3) | (0.4) | (0.4) | (0.3) | (0.3) | EPS (normalised) | (0.06) | (0.12) | (0.18) | 0.22 | 0.29 | 0.31 | | | | | |
| Amort | (1.0) | (2.0) | (2.1) | (2.2) | (2.4) | EPS (reported) | (0.14) | (0.20) | (0.23) | 0.22 | 0.29 | 0.31 | | | | | |
| EBIT underlying | 0.2 | (0.6) | (0.1) | 3.2 | 6.2 | Dividend (cps) | - | - | - | - | - | - | | | | | |
| Interest | 0.0 | 0.0 | 0.2 | 0.3 | 0.4 | Imputation | - | - | - | - | - | - | | | | | |
| Tax | 0.0 | (0.2) | 0.0 | (1.0) | (2.0) | Operating cash flow | 1.2 | 1.8 | 0.9 | 2.0 | 2.0 | 2.6 | | | | | |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Free Cash flow | 2.4 | 3.5 | 3.1 | 4.0 | 4.0 | 4.7 | | | | | |
| Equity accounted assoc | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Divisions | H122A | H222A | H123A | H223F | H124F | H224F | | | | | |
| NPAT pre significant items | 0.3 | (0.8) | 0.1 | 2.5 | 4.6 | Transactional Revenue | 11.6 | 12.3 | 11.9 | 10.8 | 11.2 | 10.3 | | | | | |
| Significant & non-cash items | (1.3) | (0.7) | (0.2) | 0.0 | 0.0 | SaaS Revenue | 1.2 | 1.2 | 1.7 | 3.7 | 4.8 | 6.3 | | | | | |
| NPAT (reported) | (1.0) | (1.5) | (0.1) | 2.5 | 4.6 | Sales revenue | 12.8 | 13.6 | 13.6 | 14.5 | 16.0 | 16.6 | | | | | |
| Cash flow (A\$m) | | | | | | COGS | (4.7) | (5.0) | (4.8) | (5.0) | (5.4) | (5.5) | | | | | |
| Y/E 30 June | FY21A | FY22A | FY23F | FY24F | FY25F | Gross Profit | 8.2 | 8.6 | 8.8 | 9.5 | 10.6 | 11.0 | | | | | |
| EBITDA | 1.5 | 1.8 | 2.5 | 5.6 | 8.9 | GP Margin (%) | 63.7 | 63.5 | 64.5 | 65.5 | 66.0 | 66.5 | | | | | |
| Interest | 0.0 | 0.0 | 0.2 | 0.3 | 0.4 | Employment | (5.0) | (5.1) | (5.7) | (5.1) | (5.3) | (5.4) | | | | | |
| Tax | 0.8 | (0.1) | (0.0) | (1.0) | (2.0) | Technology, licence fees | (1.8) | (2.5) | (1.7) | (1.8) | (1.8) | (1.9) | | | | | |
| Working capital changes | (1.4) | 1.4 | 0.4 | (0.4) | 0.1 | Other costs | (0.3) | (0.3) | (0.7) | (0.7) | (0.8) | (0.8) | | | | | |
| Operating cash flow | 1.0 | 3.1 | 2.9 | 4.5 | 7.4 | EBITDA (normalised) | 1.1 | 0.7 | 0.6 | 1.9 | 2.7 | 2.9 | | | | | |
| Mtce capex | (0.0) | (0.2) | (0.1) | (0.2) | (0.2) | Margins, Leverage, Returns | FY21A | FY22A | FY23F | FY24F | FY25F | | | | | | |
| Free cash flow | 1.0 | 2.8 | 2.8 | 4.4 | 7.2 | EBITDA | 8.8% | 6.8% | 8.8% | 17.3% | 23.3% | | | | | | |
| Capitalised Dev. Costs | (0.9) | (2.6) | (4.0) | (4.0) | (4.0) | EBIT | 1.3% | (2.3%) | (0.2%) | 9.8% | 16.2% | | | | | | |
| Acquisitions/Disposals | (1.8) | (0.7) | 0.0 | 0.0 | 0.0 | NPAT pre significant items | 1.7% | (2.9%) | 0.5% | 7.8% | 12.1% | | | | | | |
| Other | 0.3 | 0.3 | 0.0 | 0.0 | 0.0 | Net Debt (Cash) | 12.9 | 10.7 | 9.7 | 9.8 | 13.0 | | | | | | |
| Cash flow pre financing | (1.4) | (0.1) | (1.2) | 0.4 | 3.2 | Net debt/EBITDA (x) | (x) | 8.4 | 5.9 | 3.9 | 1.7 | 1.5 | | | | | |
| Equity | 9.9 | 0.0 | (1.0) | (0.3) | 0.0 | ND/ND+Equity (%) | (%) | (97.0%) | (72.9%) | (64.9%) | (57.6%) | (70.8%) | | | | | |
| Debt | 0.0 | (0.3) | (0.1) | 0.0 | 0.0 | EBIT interest cover (x) | (x) | (0.1) | n/a | n/a | (0.1) | (0.1) | | | | | |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | ROA | 1.1% | (1.8%) | (0.2%) | 9.4% | 16.6% | | | | | | |
| Net cash flow for year | 8.6 | (0.4) | (2.3) | 0.1 | 3.2 | ROE | (6.2%) | (5.8%) | (0.2%) | 9.8% | 15.9% | | | | | | |
| Balance sheet (A\$m) | | | | | | ROIC | 1.9% | (11.5%) | (3.2%) | 126.5% | 143.0% | | | | | | |
| Y/E 30 June | FY21A | FY22A | FY23F | FY24F | FY25F | Working capital | (0.8) | (0.9) | (1.7) | (1.3) | (1.4) | | | | | | |
| Cash | 12.9 | 12.2 | 9.7 | 9.8 | 13.0 | WC/Sales (%) | (4.6%) | (3.4%) | (6.1%) | (3.9%) | (3.6%) | | | | | | |
| Accounts receivable | 3.0 | 3.0 | 2.3 | 2.7 | 3.2 | Revenue growth | 41.3% | 50.9% | 6.4% | 16.1% | 17.9% | | | | | | |
| Inventory | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EBIT growth pa | n/a | n/a | n/a | nm | 95% | | | | | | |
| Other current assets | 0.4 | 0.0 | 0.5 | 0.5 | 0.5 | Pricing | FY21A | FY22A | FY23F | FY24F | FY25F | | | | | | |
| Total current assets | 16.3 | 15.2 | 12.5 | 13.0 | 16.7 | No of shares (y/e) | (m) | 429 | 434 | 419 | 419 | 419 | | | | | |
| PPE | 0.3 | 2.0 | 1.7 | 1.6 | 1.5 | Weighted Av Dil Shares | (m) | 429 | 434 | 422 | 419 | 419 | | | | | |
| Intangibles and Goodwill | 15.9 | 16.4 | 18.6 | 20.4 | 22.0 | EPS Reported | cps | (0.30) | (0.35) | (0.00) | 0.60 | 1.10 | | | | | |
| Investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EPS Normalised/Diluted | cps | 0.09 | (0.18) | 0.03 | 0.60 | 1.10 | | | | | |
| Deferred tax asset | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EPS growth (norm/dil) | n/a | n/a | (118.7%) | nm | 83% | | | | | | |
| Other non current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | DPS | cps | - | - | - | - | - | | | | | |
| Total non current assets | 16.2 | 18.4 | 20.3 | 22.0 | 23.5 | DPS Growth | n/a | n/a | n/a | n/a | n/a | n/a | | | | | |
| Total Assets | 32.5 | 33.7 | 32.7 | 35.0 | 40.2 | Dividend yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | | | | |
| Accounts payable | 3.8 | 3.9 | 4.0 | 4.0 | 4.5 | Dividend imputation | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| Short term debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | PE (x) | - | - | - | 14.3 | 7.8 | | | | | | |
| Tax payable | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | PE market | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | | | | | | |
| Other current liabilities | 2.4 | 2.7 | 2.7 | 2.7 | 2.7 | Premium/(discount) | (100.0%) | (100.0%) | (100.0%) | (20.7%) | (56.7%) | | | | | | |
| Total current liabilities | 6.3 | 6.8 | 6.9 | 6.8 | 7.4 | EV/EBITDA | 15.6 | 14.8 | 10.7 | 4.6 | 0.0 | | | | | | |
| Long term debt | 0.0 | 1.5 | 0.0 | 0.0 | 0.0 | FCF/Share | cps | 0.0 | 0.1 | (0.3) | 0.1 | 0.8 | | | | | |
| Other non current liabs | 0.0 | 0.0 | 1.3 | 1.3 | 1.3 | Price/FCF share | 304.8 | 144.0 | (29.9) | 102.5 | 11.2 | | | | | | |
| Total long term liabilities | 0.0 | 1.5 | 1.3 | 1.3 | 1.3 | Free Cash flow Yield | 0.3% | 0.7% | (3.3%) | 1.0% | 9.0% | | | | | | |
| Total Liabilities | 6.3 | 8.3 | 8.2 | 8.2 | 8.7 | | | | | | | | | | | | |
| Net Assets | 26.2 | 25.4 | 24.5 | 26.8 | 31.5 | | | | | | | | | | | | |
| Share capital | 47.2 | 47.9 | 46.9 | 46.7 | 46.7 | | | | | | | | | | | | |
| Accumulated profits/losses | (22.1) | (23.3) | (23.4) | (20.9) | (16.2) | | | | | | | | | | | | |
| Reserves | 1.1 | 0.8 | 1.0 | 1.0 | 1.0 | | | | | | | | | | | | |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | | | | | | |
| Total Shareholder funds | 26.2 | 25.4 | 24.6 | 26.8 | 31.5 | | | | | | | | | | | | |

Sources: Company data, RaaS Advisory estimates

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

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