

SaaS revenue now 50% of total revenue

Kinatico Ltd (ASX:KYP) is a 'Know Your People' regtech company providing workforce compliance monitoring and management technology and services. The company has announced that total revenue in Q3 increased 15% to \$8.1m, with higher-margin SaaS (Software as a Service) revenue making up 50% of the total. SaaS revenue grew 60% in the quarter on the previous corresponding period (pcp) to \$4m and is tracking at \$16m on an annualised basis. Transactional revenue for the quarter was \$4.1m, down 8.9% on the pcp but appears to be holding up better than our forecasts. We have not changed our forecasts but note that the company appears well placed to meet or beat our H2 FY25 forecasts for total revenue of \$15.9m, including \$8.2m in SaaS revenue and \$7.7m in transactional sales. Based on our numbers, the Q3 result implies Q4 revenue of \$7.8m, including \$4.17m in SaaS revenue and \$3.6m in transactional sales. Our DCF valuation remains unchanged at \$0.32/share, implying an EV/Revenue multiple of 4.4x FY25f. A +/-10% sensitivity analysis on our base-case forecasts yields a valuation range of \$0.22-\$0.47/share.

Business model

Kinatico is focusing its business on the generation of SaaS revenue from the provision of simplified real-time workforce compliance monitoring and management technology and services. SaaS revenue accounted for 50% of Q3 revenue, up from 42% of H1 FY25 and up from 36% in Q3 FY24. SaaS revenue has been a significant factor in the growth in EBITDA-adjusted margin in H1 FY25 (14.5% in H1 FY25 versus 13.4% in H1 FY24) and in FY24 (13.5% in FY24 versus 11.2% in FY23). The business also has a long-standing screening and verification (SaV) revenue stream, under the brand CVCheck, from transactions, which historically have been one-time but presents now as a ready-made pipeline and sales acquisition client base for the SaaS product. SaaS customers (employers) pay a set monthly SaaS fee for an end-to-end compliance management solution. Kinatico has a target of generating 80% of its revenue from SaaS within three years ([5 Sept company presentation](#)).

SaaS revenue growth of 60% on pcp, transactional holds up

In an update released to the market on [April 10](#), Kinatico said its Q3 SaaS revenue grew 60% on the pcp to \$4.0m and now made up 50% of total revenue, compared to 36% of total revenue in Q3 FY24. Further, Q3 SaaS revenue is tracking at \$16m on an annualised basis, compared with \$14m in Q2 FY25 and \$12m in Q1 FY25. Total revenue for the quarter was \$8.1m, up 15% on the pcp, implying that transactional revenue in Q3 was \$4.1m, down 8.9% on the pcp but flat on Q2. This decline was not unexpected and is tracking at a slower pace than implied in our H2 FY25 forecast for transactional revenue to fall 15% to \$7.7m. We have not changed our forecasts following this release but note that Kinatico appears to be tracking ahead of our revenue expectations for the half. The company also said that its recently launched Kinatico Compliance platform is expected to further support SaaS revenue growth.

DCF valuation of \$0.32/share

Our DCF valuation is \$0.32/share and incorporates a WACC of 13.0% (beta of 1.39, a risk-free rate of 4.0% and a terminal growth rate of 2.2%). We use the LSEG observed five-year beta of 1.39. In our view, the WACC we use is justified given the sustained profitability and free cash flow this company has delivered over the past two-and-a-half financial years. Our DCF implies EV/Revenue multiples of 4.4x for FY25f and 3.9x for FY26f, compared with the current multiples implied in our forecasts of 2.1x FY25f and 1.8x FY26f. We would expect the gap between the current share price and our valuation to narrow provided Kinatico demonstrates continued growth in SaaS revenue and delivers 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.*	NPAT rep.	EPS adj.* (c)	EV/Revenue (x)	EV/EBITDA (x)	PER (x)
06/24a	28.7	19.2	3.9	1.0	0.8	0.24	2.2	16.1	69.1
06/25f	31.5	20.2	4.1	0.5	0.5	0.20	2.0	15.3	83.0
06/26f	35.0	22.7	5.4	1.0	1.0	0.40	1.7	11.2	41.0
06/27f	38.9	25.4	7.2	2.3	2.3	0.71	1.5	7.9	23.4

Sources: Company data; RaaS estimates for FY25f-FY27f. *Adjusted EBITDA, NPAT and EPS exclude one-time and non-cash items including share-based compensation

Software & Services

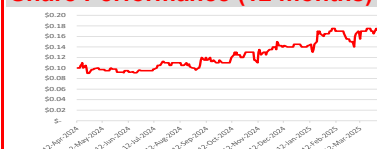
14 April 2025

Share Details

ASX code	KYP
Share price (11-Apr)	\$0.165
Market capitalisation	\$71.5M
Shares on issue	433.6M
Net cash at 31-Dec-24	\$9.9M
Free float*	~60.85%

*Source: LSEG

Share Performance (12 months)



Company Interviews & Webinars

[Kinatico Georg Chmiel Interview 19 July 2024](#)
[Kinatico Georg Chmiel Transcript 19 July 2024](#)
[RaaS Stock Take Webinar 11 September 2024](#)
[Kinatico RaaS Interview 26 February 2025](#)
[Kinatico RaaS Interview Transcript 26 Feb 2025](#)

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

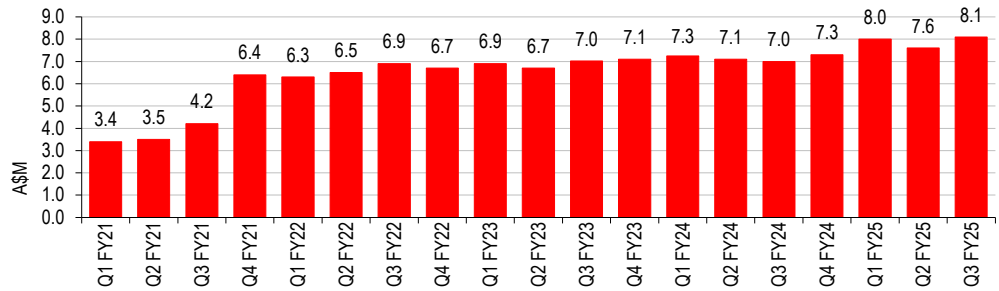
RaaS Contact

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

Q3 FY25 Result Discussion

Kinatico has provided a flash update on Q3 FY25 revenue (ASX release 10 April), noting that total revenue increased 15% in the quarter to \$8.1m from the same period a year ago. This was a record for the group in terms of total revenue. SaaS revenue comprised 50% or \$4.0m of the total, an increase of 60% on the same quarter a year ago and up 14% on the Q2 FY25 quarter.

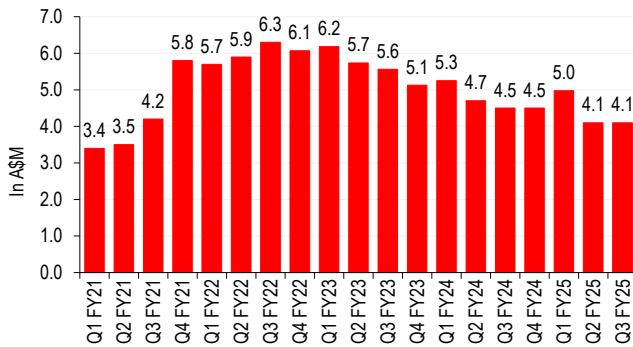
Exhibit 1: Revenue by quarter



Source: Company data, RaaS analysis

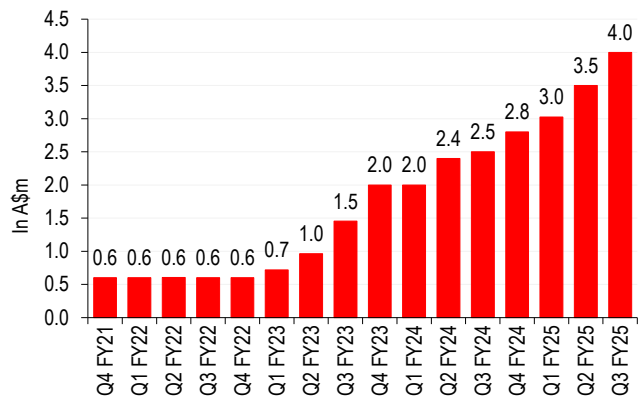
SaV revenue for the quarter was \$4.1m, down 7.9% year on year, but flat on Q2 FY25. We expect this source of revenue to continue to decline over time as a result of the ongoing transition of these customers to SaaS contracts.

Exhibit 2: SaV revenue by quarter



Source: Company data, RaaS analysis

Exhibit 3: SaaS revenue by quarter



Source: Company data, RaaS analysis

We have not changed our H2 FY25 forecasts but note that the Q3 results provide a strong basis for Kinatico to meet or exceed our forecasts for the half.

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 13.0% includes a beta of 1.6, compared with the five-year rate observed by LSEG (1.39). This gives us a DCF valuation of \$0.32/share, which implies an EV/Revenue of 4.4x FY25f and 3.9x FY26f. A +/-10% sensitivity analysis on our base case forecasts yields a valuation range of \$0.22-\$0.47/share.

Exhibit 4: DCF valuation

Parameters	Outcome
Discount rate / WACC	13.0%
Beta*	1.39
Terminal growth rate assumption	2.2%
Sum of PV (A\$M)	49.3
PV of terminal value (A\$M)	79.5
PV of enterprise (A\$M)	128.8
Net debt / (cash) – 31 Dec 2024 (A\$M)	(9.9)
Net valuation – equity (A\$M)	138.7
No. of shares on issue (February 2025) (M)	432.1
NPV per share (A\$)	\$0.32

Sources: RaaS estimates; *LSEG's observed beta of 1.39 based on its five-year monthly beta methodology

Exhibit 5: Financial Summary

Kinatico						Share price (11 April 2025)						A\$	0.17
Profit and Loss (A\$m)						Interim (A\$m)	H124A	H224A	H125F	H225F	H126F	H226F	
Y/E 30 June	FY23A	FY24A	FY25F	FY26F	FY27F	Revenue		14.4	14.4	15.6	15.9	17.6	17.4
Transactional revenue	22.6	19.0	16.8	15.8	15.2	EBITDA		1.9	2.0	2.3	1.8	2.8	2.5
SaaS revenue	5.1	9.7	14.7	19.2	23.7	EBIT		0.3	0.5	0.5	0.3	1.3	1.0
Sales Revenue	27.7	28.7	31.5	35.0	38.9	NPAT (normalised)		0.4	0.6	0.6	0.3	1.0	0.8
Gross Profit	18.2	19.2	20.2	22.7	25.4	Minorities		-	-	-	-	-	-
EBITDA underlying	3.1	3.9	4.1	5.4	7.2	NPAT (reported)		0.4	0.4	0.4	0.1	0.8	0.6
Depn	(0.5)	(0.5)	(0.2)	(0.1)	(0.1)	EPS (normalised)		0.09	0.15	0.14	0.06	0.22	0.18
Amort	(2.1)	(2.6)	(3.1)	(2.9)	(2.9)	EPS (reported)		0.09	0.10	0.10	0.02	0.18	0.13
EBIT underlying	0.5	0.7	0.8	2.0	3.8	Dividend (cps)		-	-	-	-	-	-
Interest	0.1	0.3	0.2	0.1	0.2	Imputation		-	-	-	-	-	-
Tax	0.1	(0.1)	(0.1)	(0.7)	(1.3)	Operating cash flow		1.5	2.7	2.6	1.3	2.5	2.3
Minorities	0.0	0.0	0.0	0.0	0.0	Free Cash flow		3.1	4.3	4.6	2.8	4.0	3.8
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Divisions	H124A	H224A	H125F	H225F	H126F	H226F	
NPAT pre significant items	0.8	1.0	0.9	1.4	2.7	Transactional Revenue		10.0	9.1	9.1	7.7	8.5	7.3
Significant & non-cash items	(0.5)	(0.2)	(0.4)	(0.4)	(0.4)	SaaS Revenue		4.4	5.3	6.5	8.2	9.1	10.1
NPAT (reported)	0.2	0.8	0.5	1.0	2.3	Sales revenue		14.3	14.4	15.6	15.9	17.6	17.4
Cash flow (A\$m)						COGS		(4.6)	(4.9)	(5.6)	(5.7)	(6.2)	(6.1)
Y/E 30 June	FY23A	FY24A	FY25F	FY26F	FY27F	Gross Profit		9.7	9.5	10.0	10.2	11.4	11.3
EBITDA	3.1	3.9	4.1	5.4	7.2	GP Margin (%)		67.7	66.1	64.1	64.1	64.8	65.1
Interest	0.1	0.3	0.2	0.1	0.2	Employment		(5.1)	(5.1)	(5.1)	(5.5)	(5.6)	(5.8)
Tax	(0.1)	(0.1)	(0.1)	(0.7)	(1.3)	Technology, licence fees		(2.4)	(2.1)	(2.3)	(2.5)	(2.6)	(2.7)
Working capital changes	0.5	0.1	(0.3)	0.0	0.1	Other costs		(0.3)	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)
Operating cash flow	3.6	4.2	3.9	4.8	6.2								
Mtce capex	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	EBITDA (normalised)		1.9	2.0	2.3	1.8	2.8	2.5
Free cash flow	3.6	4.2	3.8	4.8	6.1	Margins, Leverage, Returns							
Capitalised Dev. Costs	(3.9)	(3.2)	(3.5)	(3.0)	(3.0)		FY23A	FY24A	FY25F	FY26F	FY27F		
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBITDA		11.2%	13.5%	12.9%	15.4%	18.6%	
Other	0.0	0.0	0.0	0.0	0.0	EBIT		1.7%	2.6%	2.4%	5.6%	9.8%	
Cash flow pre financing	(0.3)	1.0	0.4	1.8	3.1	NPAT pre significant items		2.7%	3.5%	2.7%	3.9%	6.9%	
Equity	(1.3)	(0.1)	0.0	0.0	0.0	Net Cash		9.6	9.8	9.6	11.4	14.5	
Debt	(0.3)	(0.4)	0.0	0.0	0.0	Net debt/EBITDA (x)	(x)	3.1	2.5	2.4	2.1	2.0	
Dividends paid	0.0	0.0	0.0	0.0	0.0	ND/ND+Equity (%)	(%)	(63.2%)	(61.0%)	(56.9%)	(67.6%)	(86.4%)	
Net cash flow for year	(1.8)	0.5	0.4	1.8	3.1	EBIT interest cover (x)	(x)	-	0.3	(0.4)	(0.3)	(0.1)	(0.0)
Balance sheet (A\$m)						ROA		1.4%	2.3%	2.3%	5.8%	10.5%	
Y/E 30 June	FY23A	FY24A	FY25F	FY26F	FY27F	ROE		0.9%	3.1%	1.9%	3.6%	7.8%	
Cash	9.6	9.8	9.6	11.4	14.5	ROIC		3.2%	4.8%	4.6%	11.6%	22.6%	
Accounts receivable	2.4	2.6	2.1	2.4	2.6	Working capital							
Inventory	0.0	0.0	0.0	0.0	0.0			(1.1)	(1.3)	(1.0)	(1.0)	(1.1)	
Other current assets	0.3	0.4	0.7	0.7	0.7	WC/Sales (%)		(4.0%)	(4.6%)	(3.1%)	(2.8%)	(2.7%)	
Total current assets	12.4	12.7	12.4	14.4	17.8	Revenue growth		5.0%	3.7%	9.6%	11.2%	11.1%	
PPE	1.6	1.1	0.8	0.7	0.6	EBIT growth pa		nm	nm	1%	161%	93%	
Intangibles and Goodwill	18.2	18.7	19.1	19.2	19.3	Pricing	FY23A	FY24A	FY25F	FY26F	FY27F		
Investments	0.0	0.0	0.0	0.0	0.0	No of shares (y/e)	(m)	420	434	432	432	432	
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares	(m)	430	419	432	432	432	
Other non current assets	0.3	0.3	0.3	0.3	0.3								
Total non current assets	20.1	20.1	20.3	20.3	20.3	EPS Reported	cps	0.05	0.19	0.11	0.32	0.62	
Total Assets	32.4	32.8	32.7	34.7	38.1	EPS Normalised/Diluted	cps	0.17	0.24	0.20	0.40	0.71	
Accounts payable	3.5	3.9	3.1	3.4	3.7	EPS growth (norm/dil)		nm	nm	-17%	102%	76%	
Short term debt	0.0	0.0	0.0	0.0	0.0	DPS	cps	-	-	-	-	-	
Tax payable	0.1	0.0	0.0	0.0	0.0	DPS Growth		n/a	n/a	n/a	n/a	n/a	
Other current liabilities	2.9	2.1	2.5	2.5	2.5	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%	
Total current liabilities	6.5	6.0	5.7	5.9	6.2	Dividend imputation		0	0	0	0	0	
Long term debt	0.0	0.0	0.0	0.0	0.0	PE (x)		300.1	88.8	145.1	52.1	26.6	
Other non current liabs	1.5	1.1	0.7	0.5	0.5	PE market		26.9	26.9	26.9	26.9	26.9	
Total long term liabilities	1.5	1.1	0.7	0.5	0.5	Premium/(discount)	nm		230.1%	439.4%	93.6%	(1.2%)	
Total Liabilities	8.0	7.1	6.4	6.4	6.8	EV/EBITDA		18.3	16.1	14.8	10.6	0.0	
Net Assets	24.5	25.7	26.4	28.3	31.4	FCF/Share	cps	(0.1)	0.2	0.1	0.4	0.7	
						Price/FCF share		(224.9)	70.5	201.8	40.1	22.8	
Share capital	46.7	46.5	46.5	46.5	46.5	Free Cash flow Yield		(0.4%)	1.4%	0.5%	2.5%	4.4%	
Accumulated profits/losses	(23.1)	(22.3)	(21.6)	(19.9)	(16.9)								
Reserves	1.3	1.5	1.7	1.7	1.7								
Minorities	0.0	0.0	0.0	0.0	0.0								
Total Shareholder funds	24.9	25.7	26.6	28.3	31.4								

Sources: Company data, RaaS estimates FY25f-FY27f

FINANCIAL SERVICES GUIDE

RaaS Research Group 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

Effective Date: 26th March 2024

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Research Group Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as who we are, our services, how we transact with you, how we are paid, and complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 1, 160 Edward Street, Brisbane, QLD, 4000 www.brsecuritiesaustralia.com.au

RaaS: c/- Rhodes Docherty & Co Pty Ltd, Suite 1, Level 1, 828 Pacific Highway, Gordon, NSW, 2072.

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities.

How are we paid?

RaaS earns fees for producing research reports about companies we like, and/or producing a financial model as well. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report. Sometimes we write reports using our own initiative.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service, you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been prepared and issued by RaaS Research Group Pty Ltd on behalf of Kinatico Ltd. RaaS Research Group has been paid a fee, in the form of a monthly retainer, by Kinatico to prepare this report. RaaS Research Group does not engage in capital raisings, nor does it engage in share broking or provide investor relations services. RaaS Research Group's only source of income is the fees it is paid for its research services. RaaS Research Group's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Research Group and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Research Group at the time of publication. RaaS Research Group provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Research Group in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Research Group has no obligation to update the opinion unless RaaS Research Group is currently contracted to provide such an updated opinion. RaaS Research Group does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Research Group does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Research Group shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Research Group limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.

Copyright 2025 RaaS Research Group Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.