

Bridge SaaS Limited

Bridging the gap in dealing with government

Bridge SaaS Limited (ASX:BGE) provides customer relationship management (CRM) and work-flow solutions/software to third-party providers of human services programmes operated by the Australian Government. The single platform allows providers to navigate the unique data, compliance and documentary evidence required when dealing with government and is currently accredited for 14 Federal Government programmes. BGE listed on the ASX in September 2022, raising \$4.5m at \$0.20/share to provide funding and financial flexibility to support growth (predominantly sales and marketing and developer/IT costs), broaden the shareholding base, and obtain the benefits of listing on the ASX (transparency and awareness). While historically focussing on employment services providers, BGE is launching into the much larger National Disability Insurance Scheme (NDIS) and exploring the aged care vertical. The NDIS is the largest per capita social services programme in the world, and the current government has a clear focus to improve efficiencies, which may play into BGE's hands. Post the IPO BGE has ~\$5.0m in funds to pursue this growth opportunity.

Business model

BGE is an enterprise-based SaaS software provider of CRM and work-flow solutions to service providers dealing with the Australian Government. Service providers are charged monthly depending on how many participants they have in their programmes, and which government programme is being provided. Monthly SaaS fees range from \$1.50/month/participant to \$5.00/month/participant and is typically volume related. BGE's software makes it easier for service providers to navigate dealing with the government in terms of the compliance and documentary evidence required.

Further government programmes offer growth opportunities

The core employment services sector has been flat over the past three years, impacted by the Job Keeper programme and more recently low unemployment rates (fewer participants looking for work). BGE has ~14 years' experience dealing with Government programmes and is looking to take these skills into new Government programs such as the NDIS, aged care and the disability services market. The NDIS in particular is a key focus given its size and the Federal Government's current focus on improving its efficiency. Being listed and the funds raised from listing provides a potential advantage over competitors in the space.

Trading around peer multiples before any NDIS wins

BGE's peers are small-cap SaaS stocks, typically loss making and servicing enterprise/government customers. Such stocks tend to be valued on a sales or gross profit multiple given their loss-making status. We would highlight stocks such as government expense software provider 8Common (ASX:8CO), mining ESG solutions provider K2fly (ASX:K2F), Prophecy International (ASX:PRO) and telematics provider Connexion Telematics (ASX:CXZ) as appropriate peers. Larger ASX-listed SaaS player ReadyTech (ASX:RDY) is both a potential peer and competitor. Using an EV/ARR multiple BGE trades on a FY22 multiple of 3.0x against an estimated peer average of ~3.5x.

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

Year end	ARR	Revenue	Gross profit (%)	EBITDA adj.	EBIT	Cash	EV/ARR (x)	EV/EBITDA (x)
06/20a	1.1	2.3	70	0.9	0.7	n.a	4.5	5.8
06/21a	1.4	1.8	66	(0.1)	0.4	n.a	2.6	n.m
06/22a	1.3	1.8	67	0.0	(0.1)	0.5	3.5	170.6

Source: Company data; *Revenue, EBITDA, NPAT and EPS adjusted for one-time, non-cash items and discontinued operations; ARR is Annual Recurring Revenue

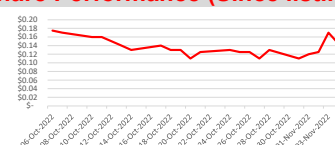
Software & Services

7 November 2022

Share Details

ASX code	BGE
Share price (4-Nov)	\$0.145
Market capitalisation	\$10.1M
Shares on issue	69.5M
Net cash at 30-Sept-2022	\$5.1M
Free float	~67.7%

Share Performance (Since listing)



Upside Case

- Gain accreditation for NDIS service provision
- Sector consolidation
- Enter the aged care sector

Downside Case

- Lose key provider contracts
- Higher cost requirements (listed, new markets)
- Ability to access funding

Catalysts

- NDIS accreditation/customer wins
- Cash flow breakeven

Comparable Companies (Aust/NZ)

K2fly (ASX:K2F), Prophecy International (ASX:PRO), 8Common (ASX:8CO), Connexion Telematics (ASX:CXZ)

Board and Management

Rupert Taylor-Price	Non-Exec. Chair
Jamie Conyngham	Managing Director/CEO
Leanne Graham	Non-Exec. Director
Gianin Zogg	Non-Exec. Director
Daniel Wan	CFO
Hannah Cabatit	Company Secretary

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FINANCIAL SERVICES GUIDE

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Corporate Authorised Representative, number 1248415

of

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ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021



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

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 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

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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.

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