

## **Kinatico (ASX:KYP) RaaS Interview Transcript**

**23 July 2024**

**Duration 7 minutes 13 seconds**

00:00:01:14 - 00:00:17:13

**Finola Burke**

Hello, I'm Finola Burke from RaaS Research Group and we are focusing on Know Your People regtech company, Kinatico (ASX ticker KYP). Joining me to discuss the company's recent Q4 update is CEO Michael Ivanchenko. Welcome back Michael.

00:00:17:13 - 00:00:19:23

**Michael Ivanchenko**

Great to see you Finola.

00:00:19:23 - 00:00:35:24

**Finola Burke**

So Kinatico has reported Q4 revenues of \$7.3m of which 38% or \$2.8m was SaaS revenue. SaaS revenue was up 40% year on year. Are you happy with the pace of growth of SaaS revenue?

00:00:36:01 - 00:01:01:05

**Michael Ivanchenko**

Yeah. Look, we are Finola. It's as you know, we're in a pretty unique company, we're in a unique position where this combination of having an existing product base you know, in many ways what I refer to as a, a legacy product, both in the screening brand under CVCheck has provided us a ready-made pipeline for customers to talk to about our SaaS product and grow.

00:01:01:06 - 00:01:25:07

**Michael Ivanchenko**

So it's a tremendous, advantage for us to be, to be building that side of the business. But having said that, a lot of the growth we're seeing, an increasing amount is actually coming from new customers, into the pipeline supplement again. So to the point where the growth was in the recent quarter, I mean, I think off the top of my head is, you know, moved, \$300,000 or \$400,000 within the quarter.

00:01:25:09 - 00:01:50:17

**Michael Ivanchenko**

About 40% of that has come from directly new customers that have not engaged with us before. So in terms of that, SaaS growth, having that base that we continue to build upon, but also an increasing number of new gives us that confidence that, you know, we've got that right product that is, in-market and needed in market at the moment and we're confident about that ongoing growth.

00:01:50:19 - 00:02:02:15

**Finola Burke**

So you've got new customers coming into the business. What's been the response from your existing customer base, Michael, so far? And, are they taking the up the offer to move to a subscription basis?

00:02:02:17 - 00:02:29:03

**Michael Ivanchenko**

Very much so. They, you know, there's certainly, very little if any, pushback about the idea of moving into digitised and simplified daily compliance. The, you know, we see some of those organisations in dealing with the change management of rolling a platform might take longer than others but certainly in terms of confirming market demand, the demand is very strong.

00:02:29:05 - 00:02:39:03

**Finola Burke**

And where are all the new customers coming from, I mean, from the SaaS perspective, I mean, are they coming from government or is it enterprise or combination?

00:02:39:03 - 00:03:15:13

**Michael Ivanchenko**

Certainly the majority of them are, enterprise and we continue to see strong growth in health care and aged care, but also very strong in government. We'll be announcing soon a number of additional, government agencies to the ones we've, announced recently, like, Department of Aged Care and Health and Families in Victoria. So the, you know, I take a lot of, reinforcement out of the fact that being a product based around not only simplicity, but security of private data, and we're getting government agencies coming on board, says a lot about our approach.

00:03:15:15 - 00:03:40:14

**Finola Burke**

You also announced that the company reported full year revenue of \$28.7m, with SaaS revenue contributing \$9.7m of that and also NPAT of \$0.8m, which

was a three-fold increase on FY23 and well ahead of our forecast as well. Is the growth in NPAT a demonstration of the higher margin SaaS revenue dropping through to the bottom line?

00:03:40:16 - 00:04:22:23

**Michael Ivanchenko**

Absolutely. You know, fundamentally, the benefits of, you know, inherent in having contracted revenue with customers, but also combined with the results of the investment we've been making in technology and features and functions, that has allowed us to move through the value chain with these organisations and, and provide, more of the features and the value for them in simplifying their daily operations as opposed to what traditionally was just a, a transactional commodity service, so that, you know, that combination is sort of the virtual virtuous cycle of growth being, on the one hand, continuing to build out the value that we provide.

00:04:23:00 - 00:04:31:24

**Michael Ivanchenko**

but also having those arrangements or those engagements under SaaS contracts, leads to that result that we are now seeing.

00:04:32:01 - 00:04:44:01

**Finola Burke**

You ended 2024 with \$10.1m in cash which was an increase on the cash you held at the end of FY23. What opportunities do you see for deploying this cash in the year ahead?

00:04:44:03 - 00:05:15:01

**Michael Ivanchenko**

That's always the question I get a lot Finola. We have big plans for this coming year. What we've done, over recent years, quite frankly, is transform, a traditional business into one that is forward looking, growth oriented effectively, far more akin to a Startup. We've been focused on establishing product market fit, making sure that what we were doing, resonated, that there was market demand and that we could demonstrate that we could scale that business profitably.

00:05:15:03 - 00:05:39:24

**Michael Ivanchenko**

We've done that. We now intend to go to the next stage of actually accelerating the growth, and reach of that product. And we will be investing in the company to make sure that happens. So the, the focus on self-service and self-deployment

for customers, the ability for them to build their own compliance requirements within our platform, all adding to the value of those, SaaS agreements.

00:05:39:24 - 00:06:03:17

**Michael Ivanchenko**

But for us, also reducing the time for new customers to actually go live once they've signed the contract. So now that we've got the business into this demonstrable, scalable, profitable base, we are going to be investing now in demonstrating, where we can take that. And on the exciting move now to being a growth, story.

00:06:03:19 - 00:06:13:18

**Finola Burke**

And obviously that sounds like you have big plans for organic growth. What about, major, acquisitions along the way?

00:06:13:20 - 00:06:42:00

**Michael Ivanchenko**

Always on the lookout. certainly, you know, we're seeing an increasing amount of activity in the marketplace, both on the, the acquisition and the dispersal side. So if the opportunity came to us for us to expand our market reach or accelerate our product deployment, we absolutely would look at it. We have passed on a number of opportunities that have been presented that didn't meet the right criteria.

00:06:42:03 - 00:06:55:15

**Michael Ivanchenko**

So, if the opportunity presents, we'll grab it with both hands, but at the same time are also not going to allow it to distract us from the execution that we've got in place now to continue the success we've seen.

00:06:55:17 - 00:07:02:09

**Finola Burke**

Well, thank you, Michael, for your time today and I am looking forward to catching up with you over the course of the next 12 months to check on Kinatico's progress.

00:07:02:11 - 00:07:03:21

**Michael Ivanchenko**

Thanks Finola, always great to chat.

# 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: 26<sup>th</sup> 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](http://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](mailto: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](http://www.afca.org.au); Email: [info@afca.org.au](mailto: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. Kinatiko is a research client of RaaS Research Group. 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 Advisory 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 Advisory 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 Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.

Copyright 2024 RaaS Research Group Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.