



Kinatico Limited

(formerly CV Check Limited)

HALF-YEAR REPORT

2022



APPENDIX 4D – HALF-YEAR REPORT

(ASX LISTING RULE 4.2A)

Company Name:	Kinatico Limited (formerly CV Check Limited) ('Kinatico' or the 'Company')
ABN:	25 111 728 842
Reporting Period:	Half-year ended 31 December 2022
Prior Corresponding Period:	Half-year ended 31 December 2021

APPENDIX 4D – HALF-YEAR REPORT

In accordance with ASX Listing Rule 4.2A, attached is the Half-year Report (incorporating Appendix 4D) for the six months ended 31 December 2022, which was approved by a resolution of the Board of Directors on 22 February 2023. This information should be read in conjunction with the Kinatico Limited Financial Report for the half-year ended 31 December 2022.

The results of Kinatico Limited for the half-year ended 31 December 2022 are as follows:

	Consolidated	Consolidated
	31Dec 2022 \$	31Dec 2021 \$
Revenue from ordinary activities	13,592,502	12,809,282
Loss after tax from ordinary activities attributable to owners	(978,864)	(625,989)
Net loss for the period attributable to owners	(978,864)	(625,989)

Brief explanation of figures reported above

A review of the operations of the Company during the financial period is set out in the announcement attached to this Appendix 4D (Half-Year Report to the Australian Securities Exchange).

Dividends

No dividends have been paid or declared by the Company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

NET TANGIBLE ASSETS

	Consolidated	Consolidated
	31Dec 2022	31Dec 2021
Net Tangible Assets (\$)	6,864,062	10,188,124
Shares (No.) – net of shares bought back ¹	432,076,747	434,543,161
Net Tangible Assets Per Share - (Cents)	1.59	2.34

¹ During the half year period the Company announced and commenced an on-market buyback in which a total of 2,155,623 shares were bought back for a total consideration of \$226,798. As at 31 December 2022 shares bought back were not yet cancelled, the buyback being still in progress. The Company expects to cancel all shares bought back following the completion of the buyback.

LOSS PER SHARE

	Consolidated	Consolidated
	31Dec 2022 \$	31Dec 2021 \$
Basic Loss per share (cents)	(0.23)	(0.15)
Diluted Loss per share (cents)	(0.23)	(0.15)

Control gained over entities

Not Applicable

Loss of control over entities

Not Applicable

Details of associates and joint venture entities

Not Applicable

Status of Review of Accounts

This Appendix 4D is based on accounts which have been reviewed. The independent auditor's review report is included within the financial report which accompanies this Appendix 4D.

Attachments forming Part of Appendix 4D

Interim Financial Report for the Half-year 31 December 2022
Independent Auditor's Review Report



Interim Financial Report for the half-year ended 31 December 2022

ABN: 25 111 728 842

This interim financial report does not include all the notes normally included in an annual financial report. This report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

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Company Directory

AUSTRALIAN COMPANY NUMBER (ACN)

111 728 842

Kinatico Limited is a Public Company limited by shares, domiciled in Australia.

DIRECTORS

Non-Executive Chairman

Ivan Gustavino

Non-Executive Directors

George Cameron-Dow

Oliver Stewart

Jonathan Birman

COMPANY SECRETARY

Craig Sharp

WEBSITE

www.kinatico.com

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Telephone: (+ 61) 8 9388 3000

SHARE REGISTRY

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Perth, WA, 6000 Australia

AUDITORS

RSM Australia Partners
Level 32, 2 The Esplanade
Perth, WA, 6000 Australia

SOLICITORS

Steinepreis Paganin
Level 4, 16 Milligan St, The Read
Buildings,
Perth, WA, 6000
Australia

SECURITIES QUOTED

Australian Securities Exchange
Ordinary Fully Paid Shares (Code: KYP)



Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Kinatico Limited (referred to hereafter as the 'Company' or 'Kinatico') and the entities it controlled at the end of, or during the six months ended 31 December 2022 ('H1 FY2023').

DIRECTORS

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Non-Executive Chairman

Ivan Gustavino

Non-Executive Directors

George Cameron-Dow

Oliver Stewart

Jonathon Birman



PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the reporting period were the provision of a range of *know your people* RegTech solutions.

The solutions provided enable real-time work force compliance management and best-of-breed employment verification and screening, delivered across a diverse range of geo locations and industries. The Company offers a number of products. Cited is Kinatico's cloud-based service for end-to-end real-time workforce compliance management. CVCheck is the preeminent brand for digital screening and verification services in Australia and New Zealand. OnCite is a native mobile application available in iOS and Android, that allows workers to manage their own compliance daily, control their own credentials, and share that information with trust through a closed, secure channel. Enable is workforce management and logistics software for the resources sector.

Collectively, this product suite offers organisations full visibility of the compliance of their workforce at all times, without creating operational overhead.

The consolidated entity's primary market is Australia and New Zealand.

As noted below, during the reporting period, the consolidated entity made material progress in the provision of SaaS real-time monitored compliance solutions. This represented a significant change to the principal activities of the consolidated entity during the reporting period.

Kinatico Limited (formerly CV Check Limited)

The provision of workforce compliance management and monitoring solutions in an ongoing arrangement is the principal activity of the consolidated entity.

DIVIDENDS

The Company did not pay any dividends during the period. The Directors do not recommend the payment of a dividend in respect of the half-year.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

AT A GLANCE

Revenue Highlights

- H1 FY2023 SaaS revenue of \$1.7m was up 41% on the first half of the previous financial year (prior corresponding period or pcip). This uplift reflected Kinatico's ability to convert existing point in time screening customers to its monitored compliance solutions as well as the traction gained by the Company's expanded product offering to new customers.
- Record H1 FY2023 consolidated revenue from all products of \$13.6m (H1 FY2022: \$12.8m), which is 6% up on pcip.
- Revenue from integrations (revenue resulting from use of a Kinatico-published Application Programming Interface via a third-party platform) grew to \$2.4m for the H1 FY23 period up 30% on pcip. This increase in integration revenue demonstrates the relevance of the Kinatico solutions in;
 - the broader RegTech,
 - human resource information,
 - customer relationship management and,
 - enterprise resource planning ecosystems.

It also reaffirms the effectiveness of these integrations in expanding revenue by the use of third-party relationships.

Underlying Margins and Net Profit

- Gross margin (derived from third party direct cost of sales) improved by 0.8 percentage points in H1 FY2023 to **64.5%** (H1 FY2022: 63.7%).
- Automation and business process improvements enabled an overall 19% reduction in head count. These initiatives are expected to realise an annualised saving of **around \$1.1m**, which will start to flow through in the Company's Q3 FY2023 reporting period.
- Depreciation and amortisation increased by **7%** to **\$1.4m** in H1 FY2023 (H1 FY22: \$1.2m), largely driven by the attributable amortisation of capitalised development aligned with the "Innovate" aspect of the Company's Continue to Grow and Innovate at Scale strategy.
- In H1 FY2023, Kinatico expensed several one-off costs totaling around \$0.4m. These costs included:
 - Redundancy costs associated with the abovementioned realised reduction in headcount;
 - cost of company rebranding, following the name change to Kinatico Ltd; and
 - costs associated with the expansion (25% increase in sales headcount) and realignment of the sales team, as previously reported, delivering the Company's targeted growth in SaaS revenue.

Kinatico Limited (formerly CV Check Limited)

- The Company reported a comprehensive loss of \$0.9m in its H1 FY2023 (H1 FY2022: \$0.6m). Excluding the abovementioned once off costs of \$0.4m, Kinatico reported an 'underlying' loss of \$0.5m in H1 FY2023, a circa 16% improvement on the equivalent H1 FY2022 figure.

Balance Sheet and Equity

- The Company has no external financing as at end H1 FY2023.
- Kinatico's balance sheet remains strong. In H1 FY2023, Kinatico's gearing ratio (debt to equity) was **36%** (H1 FY2022: 33%).
- Cash and cash equivalents as at end-H1 FY2023 was **\$10.5m** (H1 FY2022: \$12.2m).
- Kinatico's Q2 FY2023 was the 10th consecutive quarter it reported positive cashflow from operations. Receipts from customers for H1 FY2023 increased by **7%** to **\$15.4m** (H1 FY2022: 14.4m)
- The Company reported a net cash flow from operating activities of **\$0.9m** (H1 FY2022: \$1.2m). There was a cash effect of \$0.3m from the one-off costs described above in this result.
- Cash used in the investing activities of the business for H1 FY2023 increased by **27%** to **\$2.1m** (H1 FY22: \$1.7m), as a result of the ongoing commitment to innovation in the business, and repositioning of the technology platforms and service offerings, reflecting Kinatico's aspirations to deliver the primary business purpose described above.
- The Company commenced an on-market buyback in which a total of 2,155,623 shares were bought back for a total cash consideration of \$0.2m. Kinatico expects to cancel all shares bought back following completion of the buyback.

OPPORTUNITY OF THE MACRO ECONOMIC CONTEXT

At a time of multiple global changes and widespread uncertainty, Kinatico remains uniquely placed to assist our valued clients face their complex compliance challenges. In a problematic macro-economic environment, regulators continue to impose an increasingly complex network of legal requirements on businesses. Workplace compliance has become a material company overhead. At the same time, digital threats and privacy breaches steal the headlines. And in response, shareholders, consumers and employees are demanding companies and government bodies demonstrate a commitment to higher standards of privacy, security and sustainability.

Kinatico's suite of *know your people* products address these needs.

Workplace compliance

Every organisation in every industry is faced with multiple workforce compliance challenges, that are expected to become even more onerous over time.

Organisations must today manage a wide range of responsibilities, including:

- Health and safety in multiple contexts
- ESG reporting
- Employee work rights and/or visa status
- Cybersecurity and phishing training
- Anti-harassment training

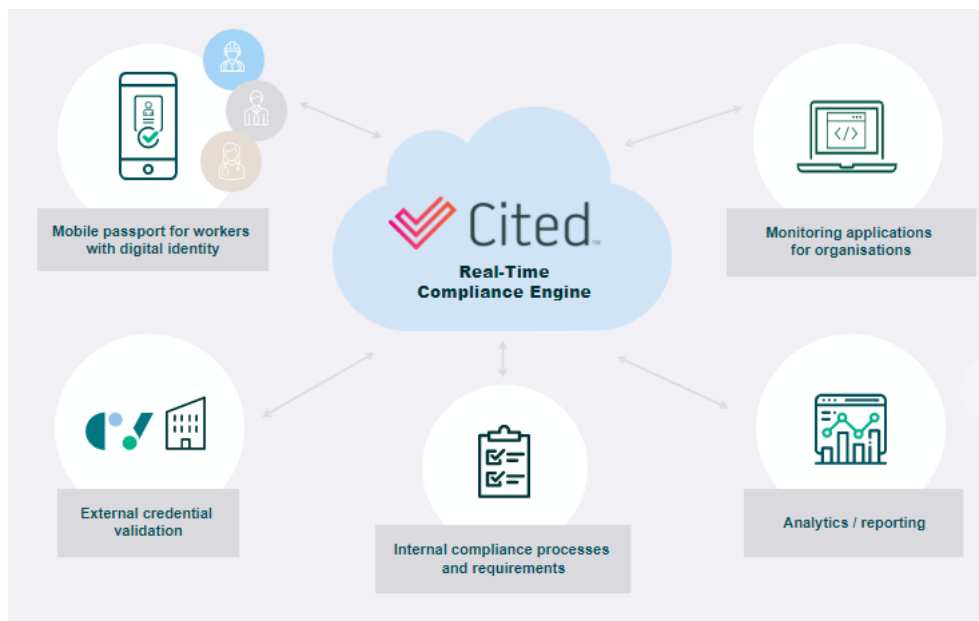
Kinatico Limited (formerly CV Check Limited)

- Confirmation of completion, daily compliance tasks such as shift start, equipment certification, and task specific compliance such as safety checks, procedural compliance and credential management.

In such an environment, organisations are demanding simple solutions to address common complex problems, and solutions that can free them from the burden of compliance and allow them to focus on their own core business.

Organisations need to replace retrospective reporting and shift the burden from internal compliance teams. They need to be continuously confident of compliance status, without reporting getting in the way of their business.

Kinatico's competitive advantage



Kinatico's products have been developed, and continue to evolve, with extensive industry knowledge and an expertise in the complexity of practically managing workplace compliance. The products simplify compliance by understanding each unique challenge through a common lens of compliance management. Kinatico automates the collection, capture and reporting of compliance information, securely manages communications between organisations and individuals, provides the tools to the workforce to manage their own compliance, and generates the real-time visibility of compliance status now and into the future.

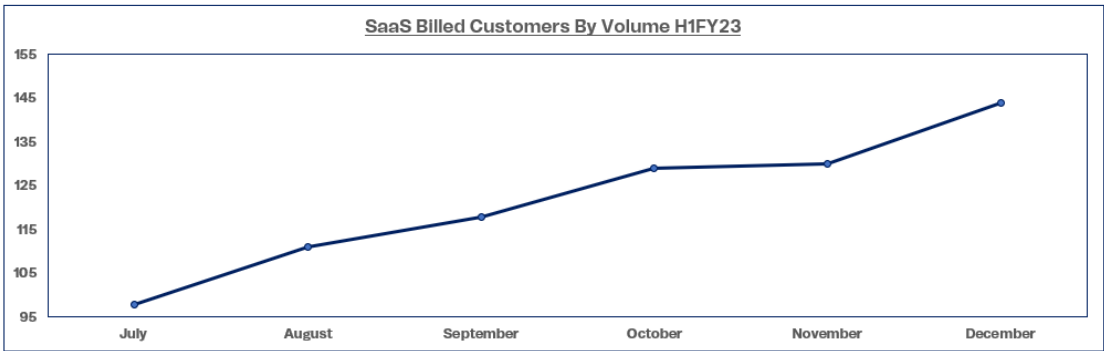
Kinatico provides a simplified daily compliance process that delivers value to its client organisations. In return, the Company receives recurring fee revenues.

Because the privacy of data is our highest priority, Kinatico's products contain privacy by design, and meet the high standards demanded by stakeholders.

OPERATIONAL STRATEGY

Kinatico has three key objectives in the current financial year: grow revenue overall, increase SaaS revenue by both winning new customers and converting existing transactional customers to SaaS contracts; and improve the productivity and scalability of the business towards and into profitability.

To achieve these objectives, Kinatico has adopted the strategy of Continue to Grow and Innovate at Scale (CGIS). This CGIS strategy has delivered positive results, including: overall revenue growth (\$13.6m); improved margins (64.5%); the largest portion of revenue growth coming from SaaS revenue (41%); and headcount reduction (19%). Furthermore, there is significant opportunity from the existing CVCheck product client base (of which more than 80% are repeat customers).



CONTINUE (CGIS)

The Company continued to build on its CVCheck product, the pre-eminent brand in background screening services across Australia and New Zealand. The simplicity of the CVCheck product offering continues to win a huge range of clients, from international enterprises through to SMEs and individuals, and more than 80% of CVCheck product business comes from repeat customers. Strengthening of the market share held by this product provides a solid and reliable revenue foundation for the consolidated entity.

As outlined above, the CVCheck product, in addition to generating material direct revenue, provides a ready-made pipeline customer list for SaaS-based workforce compliance services.

Kinatico Limited (formerly CV Check Limited)

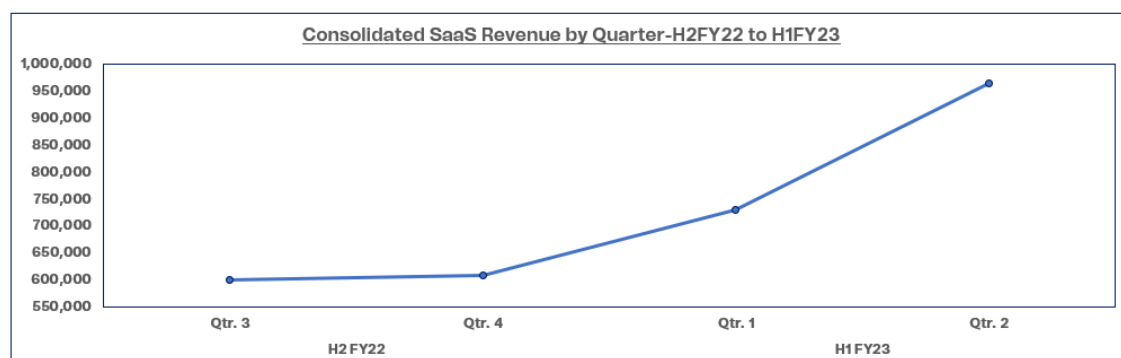
Sample of customers signed or re-signed to CVCheck product in H1



Kinatico also continued to maintain and service existing customers of Enable, generating **\$2.0m** in revenue through H1.

GROW (CGIS)

Kinatico's SaaS revenue of **\$1.7m**, which was **41%** up on the prior corresponding period, reflects the Company's ability to convert existing point in time screening customers to monitored compliance solutions as well as the market traction gained by Kinatico's expanded product offering to new customers. Further evidence of strong client interest in the SaaS product offering is its growth of **32%** from **\$0.7m** in Q1 to **\$1m** in Q2; the annualised SaaS revenue at the end of the period stood at **\$3.9m**.



Kinatico Limited (formerly CV Check Limited)

Cited, Kinatico's central product for end-to-end workforce compliance management, continued to gain market share and awareness. Kinatico has deliberately pursued a strategy of engaging with appropriate CVCheck product clients to identify real appetite for Kinatico's higher-value solutions and to integrate our products with the client's way of working.

CUSTOMER CASE STUDY



Disability services. Putting you first.

- Aruma was initially a CVCheck platform customer
- Q1 FY23 conversion to Cited
- Transitioning from pre-employment screening to full workforce compliance monitoring
- 36-month initial agreement

\$18,000/MONTH SAAS REVENUE



Growth in SaaS is tangible evidence of the consolidated entity's success in providing end-to-end value to its customers whilst simultaneously delivering context to credential validations.

Sample of customers signed to Cited product in H1 FY2023



INNOVATE (CGIS)

Kinatico's native mobile application, OnCite was released at the close of FY2022 and formally launched in July 2022. The application, which is available in iOS and Android, is available to individuals for free and can be downloaded from either Apple's App Store or Google Play.



OnCite is the central pillar to Kinatico's ability to simplify and operationalise compliance monitoring and management. The ability for compliance requirements to be met by workers through a simple, intuitive application is the key enabler for real-time compliance management. Further, communications between organisations and workers are now secure (not sent by email or insecure internet channels) and the potentially repetitive nature of requests, reminders or follow up is managed by the platform. OnCite will allow workers to control their own credentials, manage their own compliance daily and share that information with trust through a closed, secure channel. By linking with Kinatico's Cited and CVCheck products, OnCite will enable true digitisation and automation of compliance management for client organisations and power better, safer workplaces.

A further benefit OnCite provides will be as the foundation of biometric identity validation. Kinatico's strategy of integrating validated digital identity within the product offering is a fundamental element of delivering on the *know your people*

Kinatico Limited (formerly CV Check Limited)

promise and the end-to-end value proposition to organisations. This will be further enhanced by Kinatico's ongoing process of achieving TDIF certification (timing being government-dependent) and applies equally for employees, subcontractors and subcontracting organisations.

Kinatico has continued to develop and release features and functionality within OnCite through H1 FY2023. Further releases will be made through H2 FY2023 ensuring functionality continues to meet market need.

SCALE (CGIS)

Automation and business process improvements remained at the core of the Company's focus through its H1 FY2023, allowing for a 19% overall reduction in employee head count, with expected annualised savings of \$1.1m.

The process improvements have been delivered by technological innovation enabling revenue fulfilment to be streamlined and customer interactions to be shortened or fully digitised. These improvements resulted in the described reduction in headcount necessary to service the revenue.

Further phases of improvements are planned or currently being developed. The deployment of Scantek's biometric identity validation (previously announced to the market) is one such example.

As Kinatico's end-to-end workforce compliance monitoring and management solution increases its market penetration, it will have an inherently positive effect on the operational scale of the business due to its digitised nature.

These and future initiatives, combined with ongoing revenue growth, are focused on ensuring Kinatico's future profitable growth.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Following shareholder approval at the Company's Annual General Meeting held on 13 October 2022, the Company is pleased to announce that the Company's change of name from CV Check Limited to Kinatico Limited has taken effect from 20 October 2022. The ASX ticker symbol has changed to "KYP" (previously CV1).

The new name, Kinatico Limited, is an amalgam of "kinetic, data, insights, company". It marks another stage in our evolution from an Australian provider of background screening services to a global RegTech company offering a suite of integrated *Know Your People* solutions.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

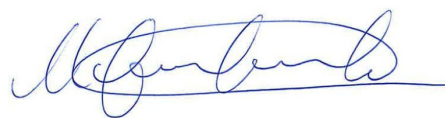
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

This Report is made in accordance with a resolution of Directors, pursuant to Section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Ivan Gustavino
NON-EXECUTIVE CHAIRMAN
Dated: 22 February 2023



Michael Ivanchenko
CHIEF EXECUTIVE OFFICER
Dated: 22 February 2023





Auditor's Independence Declaration



RSM Australia Partners

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2 The Esplanade Perth WA 6000
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www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Kinatico Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



AIK KONG TING
Partner

Perth, WA
Dated: 22 February 2023

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Interim Financial Statements

For the half-year ended 31 December 2022



Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		Consolidated	
	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue	4	13,592,502	12,809,282
Other income		-	115
Interest Income		58,374	14,493
Total Revenue		13,650,876	12,823,890
Expenses			
Direct cost of sales		(4,830,578)	(4,655,613)
Director and employee benefits		(5,688,532)	(5,020,667)
Depreciation and amortisation		(1,388,252)	(1,298,540)
Advertising and marketing		(1,033,389)	(790,006)
Information and technology		(705,141)	(631,256)
Consultants and contractors		(336,889)	(175,215)
Share based payments		(200,790)	(378,712)
Insurance		(148,559)	(172,244)
Other expenses		(297,610)	(287,116)
Loss before income tax for the period		(978,864)	(585,479)
Income tax expense		-	(40,510)
Loss after income tax for the period		(978,864)	(625,989)
Other comprehensive profit / (loss)			
Exchange differences arising on translation of foreign operations		50,572	(3,622)
Other comprehensive profit / (loss) for the period (net of tax)		50,572	(3,622)
Total comprehensive loss for the period attributable to equity holders of the Parent Entity		(928,292)	(629,611)

Loss per share attributable to equity holders of the Parent Entity:

Basic and Diluted loss per Share (cents per share)	(0.23)	(0.15)
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The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2022

		Consolidated	
	Note	31 Dec 2022 \$	30 Jun 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		10,478,203	12,197,837
Trade and other receivables		2,920,303	2,804,884
Other current assets		503,490	213,923
Total Current Assets		13,901,996	15,216,644
NON-CURRENT ASSETS			
Plant and equipment		1,826,595	1,970,957
Intangibles		12,848,574	11,767,145
Goodwill		4,669,730	4,669,730
Deferred tax asset		31,737	30,722
Total Non-Current Assets		19,376,636	18,438,554
TOTAL ASSETS		33,278,632	33,655,198
CURRENT LIABILITIES			
Trade and other payables		4,677,862	3,924,460
Provision for Employee Benefits		1,248,853	1,359,272
Contract liabilities		1,133,133	1,062,423
Lease liability		334,939	250,525
Income tax liability		155,921	191,239
Total Current Liabilities		7,550,708	6,787,919
NON CURRENT LIABILITIES			
Lease liability		1,313,821	1,498,876
Total Non Current Liabilities		1,313,821	1,498,876
TOTAL LIABILITIES		8,864,529	8,286,795
NET ASSETS		24,414,103	25,368,403
EQUITY			
Issued capital	5	47,714,608	47,941,406
Reserves		1,005,635	754,273
Accumulated losses		(24,306,140)	(23,327,276)
TOTAL EQUITY		24,414,103	25,368,403

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Issued Capital \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2021		47,193,068	1,083,585	(910)	(22,066,130)	26,209,613
Loss for the period		-	-	-	(625,989)	(625,989)
Exchange differences on translation of foreign operations		-	-	(3,622)	-	(3,622)
Total comprehensive loss for the period		-	-	(3,622)	(625,989)	(629,611)
Transactions with owners in their capacity as owners:						
Shares issued net of issue costs		784,079	(733,079)	-	-	51,000
Share based payments		-	378,712	-	-	378,712
Options lapsed		-	(242,121)	-	242,121	-
Balance at 31 December 2021		47,977,147	487,097	(4,532)	(22,449,998)	26,009,714
Balance at 1 July 2022		47,941,406	810,864	(56,591)	(23,327,276)	25,368,403
Loss for the period		-	-	-	(978,864)	(978,864)
Exchange differences on translation of foreign operations		-	-	50,572	-	50,572
Total comprehensive loss for the period		-	-	50,572	(978,864)	(928,292)
Transactions with owners in their capacity as owners:						
Share buyback	5	(226,798)	-	-	-	(226,798)
Share based payments		-	200,790	-	-	200,790
Balance at 31 December 2022		47,714,608	1,011,654	(6,019)	(24,306,140)	24,414,103

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
<i>Cash flows from operating activities</i>		
Receipts from customers	15,360,690	14,364,754
Payments to suppliers and employees	(14,355,404)	(12,654,050)
Finance costs paid	(49,992)	(7,914)
Interest received	19,587	14,493
Income tax paid	(39,913)	(146,589)
Acquisition related costs expensed	-	(349,968)
Net cash flows from operating activities	934,968	1,220,726
<i>Cash flows from investing activities</i>		
Payment for purchases of plant and equipment	(92,002)	(61,293)
Payment for intangible assets	(2,047,505)	(1,084,466)
Payment for acquisition of subsidiary	-	(546,462)
Net cash used in investing activities	(2,139,507)	(1,692,221)
<i>Cash flows from financing activities</i>		
Issue of ordinary shares	-	51,000
Share buyback	(226,798)	-
Repayment for lease liabilities	(105,887)	(187,690)
Repayment of business insurance premiums	(226,253)	(137,299)
Net cash used in financing activities	(558,938)	(273,989)
<i>Net decrease in cash and cash equivalents</i>	(1,763,477)	(745,484)
Cash and cash equivalents at the beginning of the period	12,197,837	12,905,805
Effects of exchange rate changes on the balance of cash held in foreign currencies	43,843	9,219
Cash and cash equivalents at the end of the period	10,478,203	12,169,540

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

31 DECEMBER 2022

NOTE 1. COMPANY INFORMATION

The interim consolidated financial statements of Kinatico Limited (formerly CV Check Limited) and its subsidiaries (collectively, 'the Consolidated Entity' or 'the Group') for the half year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 22 February 2023.

Kinatico Limited ('the Company') is a for profit company, limited by shares, incorporated, and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's principal activity for the six months ended 31 December 2022 consisted of the provision of *know your people* services, comprising SaaS-based workforce management and compliance technology systems complemented by screening and verification services.

NOTE 2. GENERAL INFORMATION AND BASIS OF PREPARATION

a. Statement of compliance

The interim consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 30 June 2022 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

b. Significant accounting policies

The accounting policies applied in these financial statements are consistent with those applied by the Group in the 30 June 2022 consolidated financial statements, except as disclosed in note 2(c).

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2022 half year reporting period and have not been applied in these financial statements.

Notes to the Financial Statements

31 DECEMBER 2022 (CONTINUED)

NOTE 2. GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

c. New and amended standards adopted by the Group

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period and were relevant to the Group. The adoption of the new and amended accounting standards and interpretations had no material impact on the Group. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been adopted early.

d. Critical accounting estimates and judgements

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2022.

NOTE 3. SEGMENT INFORMATION

The consolidated entity is organised into two operating segments based on geographical locations consisting of Australia and New Zealand. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources.

Performance is measured based on segment operating profit. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information is reported to the CODM monthly.

Notes to the Financial Statements

31 DECEMBER 2022 (CONTINUED)
NOTE 3. SEGMENT INFORMATION (CONTINUED)

	Australia A\$	New Zealand A\$	Elimination A\$	Total A\$
<i>For the half-year ended 31 December 2022</i>				
Revenue	11,935,466	1,657,036	-	13,592,502
EBITDA	(423,969)	811,694	-	387,725
Depreciation and amortisation	(1,356,063)	(32,189)	-	(1,388,252)
Interest income	178,659	126	(120,411)	58,374
Interest expense	(46,190)	(125,720)	122,335	(49,575)
Other non-operating income / (expense)	968,576	(953,788)	(1,924)	(12,864)
Loss before income tax	(678,987)	(299,877)	-	(978,864)
Income tax	-	-	-	-
Loss after income tax	(678,987)	(299,877)	-	(978,864)
<i>31 December 2022</i>				
Assets				
Segment assets	64,293,742	3,167,611	(34,182,721)	33,278,632
Total assets	64,293,742	3,167,611	(34,182,721)	33,278,632
<i>31 December 2022</i>				
Liabilities				
Segment liabilities	39,827,894	2,506,427	(33,469,792)	8,864,529
Total liabilities	39,827,894	2,506,427	(33,469,792)	8,864,529

	Australia A\$	New Zealand A\$	Elimination A\$	Total A\$
<i>For the half-year ended 31 December 2021</i>				
Revenue	11,135,221	1,674,061	-	12,809,282
EBITDA	(62,763)	769,245	-	706,482
Depreciation and amortisation	(1,269,724)	(28,816)	-	(1,298,540)
Interest income	14,445	48	-	14,493
Interest expense	(6,081)	(1,833)	-	(7,914)
Other non-operating income / (expense)	154,547	(154,547)	-	-
(Loss) / profit before income tax	(1,169,576)	584,097	-	(585,479)
Income tax	-	(40,510)	-	(40,510)
(Loss) / profit after income tax	(1,169,576)	543,587	-	(625,989)
<i>30 June 2022</i>				
Assets				
Segment assets	67,602,522	1,600,506	(35,547,830)	33,655,198
Total assets	67,602,522	1,600,506	(35,547,830)	33,655,198
<i>30 June 2022</i>				
Liabilities				
Segment liabilities	42,548,019	573,677	(34,834,901)	8,286,795
Total liabilities	42,548,019	573,677	(34,834,901)	8,286,795

Notes to the Financial Statements

31 DECEMBER 2022 (CONTINUED)

NOTE 4. REVENUE

	For the half year ended 31 December	
	2022	2021
	\$	\$
Type of service		
<i>Transactional</i>		
Criminal history verification	8,152,990	7,655,007
Other verification	3,745,555	3,954,275
	11,898,545	11,609,282
<i>Software as a Service ('SAAS')</i>	1,693,957	1,200,000
Total revenue from contracts with customers	13,592,502	12,809,282
Geographical markets		
Australia	11,935,466	11,135,221
New Zealand	1,657,036	1,674,061
Total revenue from contracts with customers	13,592,502	12,809,282
Timing of revenue recognition		
Services rendered at a point in time	11,898,545	11,609,282
Services rendered over time	1,693,957	1,200,000
Total revenue from contracts with customers	13,592,502	12,809,282

NOTE 5. ISSUED CAPITAL

	For the half year ended 31 December			
	2022		2021	
	No. of shares	\$	No. of shares	\$
Balance at the beginning of the period	434,232,370	47,941,406	428,826,741	47,193,068
Shares issued from exercise of options	-	-	5,716,420.00	784,079.00
Share buyback	(2,155,623)	(226,798)	-	-
Balance at the end of the period	432,076,747	47,714,608	434,543,161	47,977,147

During the half year period the Company announced and commenced its on-market buyback in which a total of 2,155,623 shares were bought back for a total consideration of \$226,798. As at 31 December 2022 all shares bought back were not yet cancelled. The Company expects to complete the cancellation of all shares bought back by June 2023.

Notes to the Financial Statements

31 DECEMBER 2022 (CONTINUED)

NOTE 6. CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or assets as at 31 December 2022 (30 June 2022: Nil).

NOTE 7. COMMITMENTS

There are no commitments as at 31 December 2022 (30 June 2022: Nil).

NOTE 8. DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2022.

NOTE 9. EVENTS AFTER THE REPORTING DATE

No matter or circumstances has arisen since 31 December 2022 that significantly affected, or may significantly affect, the state of affairs or operations of the reporting consolidated entity in future financial periods.

Directors' Declaration

In the directors' opinion:

the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and

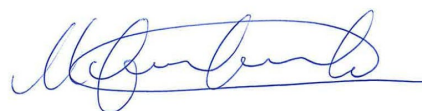
there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

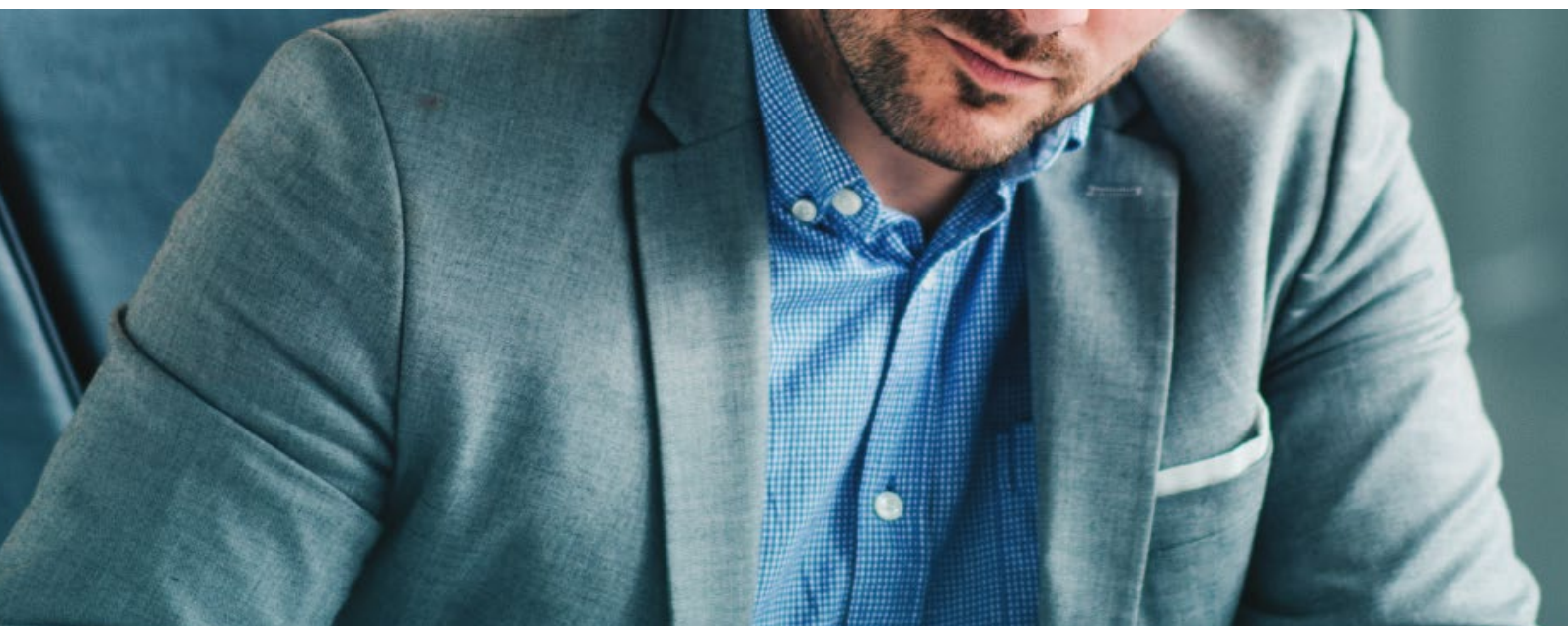
On behalf of the directors



Ivan Gustavino
NON-EXECUTIVE CHAIRMAN
Dated: 22 February 2023



Michael Ivanchenko
CHIEF EXECUTIVE OFFICER
Dated: 22 February 2023





Independent Auditor's Review Report



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the member of KINATICO LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Kinatico Limited which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kinatico Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Kinatico Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Directors' Responsibility for the Half-Year Financial Report

The directors of the Kinatico Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


RSM AUSTRALIA PARTNERS


AIK KONG TING
Partner

Perth, WA
Dated: 22 February 2023