

Information Memorandum

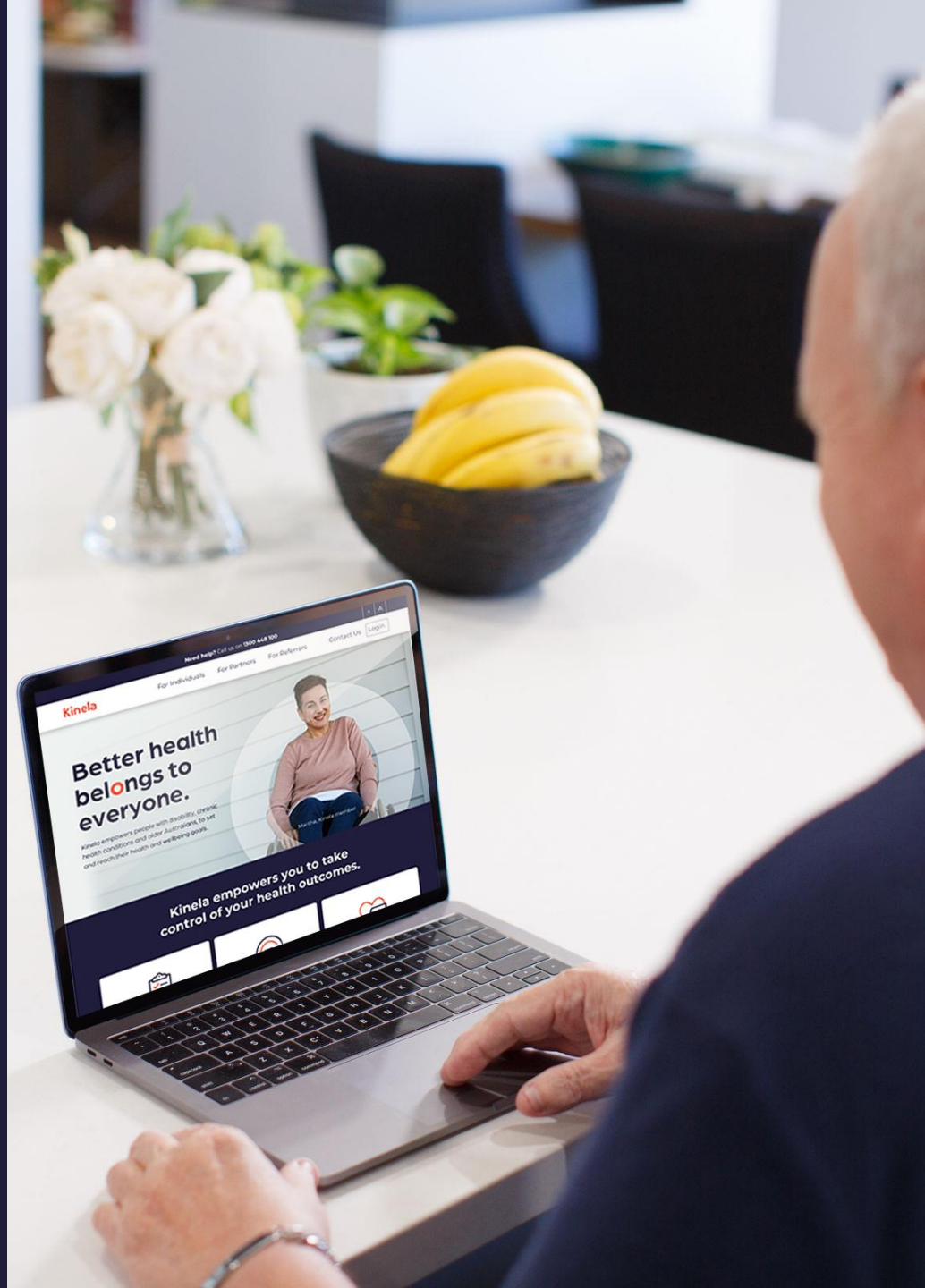
Kinela

Better health
belongs to everyone.

1 December 2020

VENTURE
Advisory

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Dear Shareholders,

On behalf of my fellow Directors, I thank you for your on-going support of Well Movement Pty Ltd (Kinela) as we pursue some exciting growth opportunities.

As you are aware, Kinela was founded in 2014 for the purpose of delivering health services to Australia's most vulnerable - the disabled, elderly and chronically ill.

Kinela has been operating for over 5 years and is currently providing services to over 2,600 people, whilst delivering \$10m annualised revenue. The business successfully raised \$4m in late 2019 to fund the acceleration of our growth, which brought our total equity to \$9.6m. The business, having a strong leadership team and a Board backed by supportive shareholders, is now poised for accelerated growth.

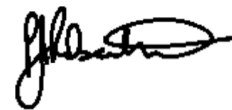
Therapy Connect was identified, during a broad M&A market scan, as a company with strong strategic and cultural fit with Kinela. In particular, Therapy Connect has established an enviable position as a leader in the online allied health market to the National Disability Insurance Scheme; an area where Kinela was seeking to accelerate and build scale. The acquisition is intended to create a step up in the scale and capabilities in the allied health line of business, as well as diversifying the business from its traditional food delivery service.

Kinela and Therapy Connect both have significant experience in disability allied healthcare delivery in Australia and have committed considerable time and effort to understanding the potential opportunity.

Kinela considers the specialised knowledge, relationships and experience of the founders of Therapy Connect to be core to the success of the future combined business. Kinela believes the merged business and its combined capability will present attractive long-term prospects, aiming to cement itself as a leading allied health services provider in the NDIS.

In order to fund the strategy, Kinela is undertaking a capital raising of up to \$5 million in accordance with the pro rata rights offering process for existing shareholders. Your application form is due by 14 December 2020 and payment for your pro rata shares (and any overallocations) is due by 17 December 2020 (or such later date acceptable to Kinela which shall be no later than 31 December 2020). Ordinary shares issued in this capital raising at a price of A\$0.125 per share will rank pari passu with all existing ordinary shares (i.e. no liquidation preference).

I commend this opportunity to continue to be part of Kinela's exciting growth.



Paul Robertson, Chairman

The combination of Kinela and Therapy Connect has the potential to accelerate the growth of the combined business capturing the tailwinds of the NDIS market and the movement to personalised virtual health



Kinela has entered into legally binding agreements for the acquisition of Therapy Connect. This involves a potential maximum consideration of \$5.5m for Therapy Connect, with expected payment in the range of \$2.5m and \$5.5m depending on various performance metrics in the year to 31 December 2021



Therapy Connect was identified as a part of a broader M&A market scan as being a target company with strong strategic and cultural fit with Kinela. In particular, Therapy Connect has established an enviable position as a leader in the online allied health market to the National Disability Insurance Scheme (“NDIS”), an area where Kinela was seeking to accelerate and build scale. The acquisition is intended to create a step up in the scale and capabilities in the allied health line of business, as well as diversifying the business from its traditional core food delivery service



Therapy Connect continues to grow strongly with Oct-20 annualised revenues of around \$3.0m, which compares with Kinela’s current annualised run-rate revenues of ~\$10.0m¹. The combined allied health business will be substantially larger and positions Kinela to participate strongly as the telehealth market unfolds in coming years. Therapy Connect has established a strong reputation in the market and a key strength is its ability to recruit allied health workers to its team.



In order to fund the strategy, Kinela is undertaking a capital raising of up to \$5 million, at a price of A\$0.125 per share, in accordance with the pro rata rights offering process for existing shareholders. This will help Kinela to fund the acquisition, accelerate the organic growth and to fulfil working capital requirements.

¹Kinela | Shareholder Update Q1 FY21

Kinela and Therapy Connect share common values and together will accelerate growth, bring forward profitability and become a market leader in NDIS telehealth

Transaction rationale

Acceleration

This merger has the potential to significantly accelerate Kinela's plans to scale a truly multidisciplinary Allied Health business in the NDIS, and enables 3 core areas of growth with the following uplift on day 1: (1) more than 500 customers added to the pool; (2) actual \$253k Oct-20 revenue (\$3.0m annualised) forecast to grow to estimated \$4.5m calendar year 2021 revenue¹; and (3) 38 senior clinicians and 3 new disciplines (OT, physio and psychology)

Scale

The combined business provides sufficient revenue trajectory to warrant the investment in tech and other capabilities to scale and manage a complex business towards 10,000+ customers over time. Combined business will leverage tech investment, marketing and cost savings which will help to accelerate the growth and reduce the cash burn

Strategic positioning

Combining a fast growing multidisciplinary Allied Health business with the largest NDIS food provider creates a foundation to become a leading 'health and wellbeing' brand for people with disabilities and older Australians. This opens a number of strategic options including further evolving into a '1-stop shop' serving much more of the complex needs of customers and also bundling the offering with the convenience, service model, health outcomes and underlying tech platforms

Observations

- Acquisition of Therapy Connect will help accelerate top-line revenue growth generated from larger and more diverse customer base
- Combined business will leverage resources including tech investment and marketing expenses and spread overhead costs across the business
- The merged business may evolve into a '1-stop shop' providing broader list of health services to larger customer base

Source: Thunderbird Due Diligence report
¹Kinela view of Therapy Connect "base" case

Kinela’s business model is highly scalable and is gaining significant traction in the rapidly changing NDIS market. Kinela has built a solid platform and team which readies the business for this acquisition

Kinela Business Overview

Company Overview

Kinela was founded in 2014 for the purpose of delivering health services to Australia’s most vulnerable – the disabled, elderly and chronically ill. The business model is focussed on the end user of health services (B2C model) as well as government and health providers / partners (B2B model).

Business Model

- The business model uses outsourced providers (on food) and employees (allied health) and runs at a gross margin of above 47%
- Kinela has signed more than 4,500 customer contracts with the average customer contracts being worth ~\$6,500 per annum
- Kinela generates ‘run rate’ revenue of ~\$10m and has more than 2,600 active customers
- The business has successfully raised over \$9.6m to date from a supportive and deep shareholder base.



NDIS participants



Allied Health experts



Specialty meal plans



Tech solution

Observations

- Kinela has successfully grown through geographic expansion, its allied health business and strategic product development
- Kinela has a strong leadership team in place to continue to grow the business
- Kinela’s gross margins have grown from 9% in Jan 2018 to 47% in the Sep-20 quarter

Kinela management has extensive expertise in the healthcare, disability and technology sectors



CEO, FOUNDER

Karn Ghosh

The founder and CEO of Kinela from idea to current milestones. Extensive experience and knowledge of the healthcare industry, with a professional healthcare background



COO

David Heymann

Over 20 years experience in strategy, business development, product commercialisation, scaling operations, and team development



HEAD OF FINANCE

Kurt McFarland

Extensive knowledge in finance and M&A being a former investment banker and senior finance leader/advisor to high growth companies



HEAD OF PRODUCT

Jonny Wermut

Experienced in product development surrounding the areas of healthcare as well as technology



CHIEF OF STAFF

Monika Lobejko

Experienced in the people operations and health and nutrition, and applies this to her role driving cross-functional collaboration and focus through Kinela



HEAD OF SALES AND CX

Elie Hadchiti

Extensive experience building leading strong sales and customer support teams within a range of industries.



HEAD OF MARKETING

Lauren Sneddon

Has extensive marketing skills and experience as well as a passion to improve the lives of those living with a disability



HEAD OF ALLIED HEALTH

Nour Nazha

A nutrition expert with experience in strategy, customer experience, project management, and operational management

THERAPY CONNECT

Kinela and Therapy Connect are at the forefront of the shift towards person-centric and community-based care, delivering the service of tomorrow

Trend	Description
Inverting population pyramid	<ul style="list-style-type: none"> • By 2044, 2 out of every 10 people will be 65+ years old. • An increased preference for independent living arrangements supported by community care, and a desire for greater autonomy and choice in aged care services generally • Many of the aged having higher levels of income and wealth with which to afford additional services
Government initiatives	<ul style="list-style-type: none"> • NDIS rolling out at estimated \$22b p.a. cost • Consumer Directed Care (CDC) model shifted power from supply side to customers who are wanting 'health care on demand' and 'health care as a service • Home care packages models leading to fragmentation of locally based service providers • Continued growth in health care costs putting more and unsustainable pressure on current systems • Govt macro economic policy directed to more cost effective care options such as in home care and consumer directed care
Market dynamics	<ul style="list-style-type: none"> • Fragmented market (top 10 providers have less than one third of the market) • Over 75% NFPs challenged to change business models • Charitable status players re-positioning and commercialising • Government health players determining public sector focus and divesting non-core • Private sector ("old world") repositioning fast and many new "born in the CDC" aggressively expanding especially Aged/Disability • Highly fragmented market (top 10 care providers have less than one third of the market) • Private sector ("old world") repositioning fast and many new "born in the CDC" aggressively expanding especially Aged/Disability
Impact of technology	<ul style="list-style-type: none"> • Over 65's are now tech savvy with 76% online at least once per day and 91% on a smart phone at least once per day • Accustomed to 24/7 access to personalised and on-demand services as required • Currently data is generated by each care interaction • In the future data will also be generated by IOT devices with artificial intelligence interpreting importance and relevance for proactive care options

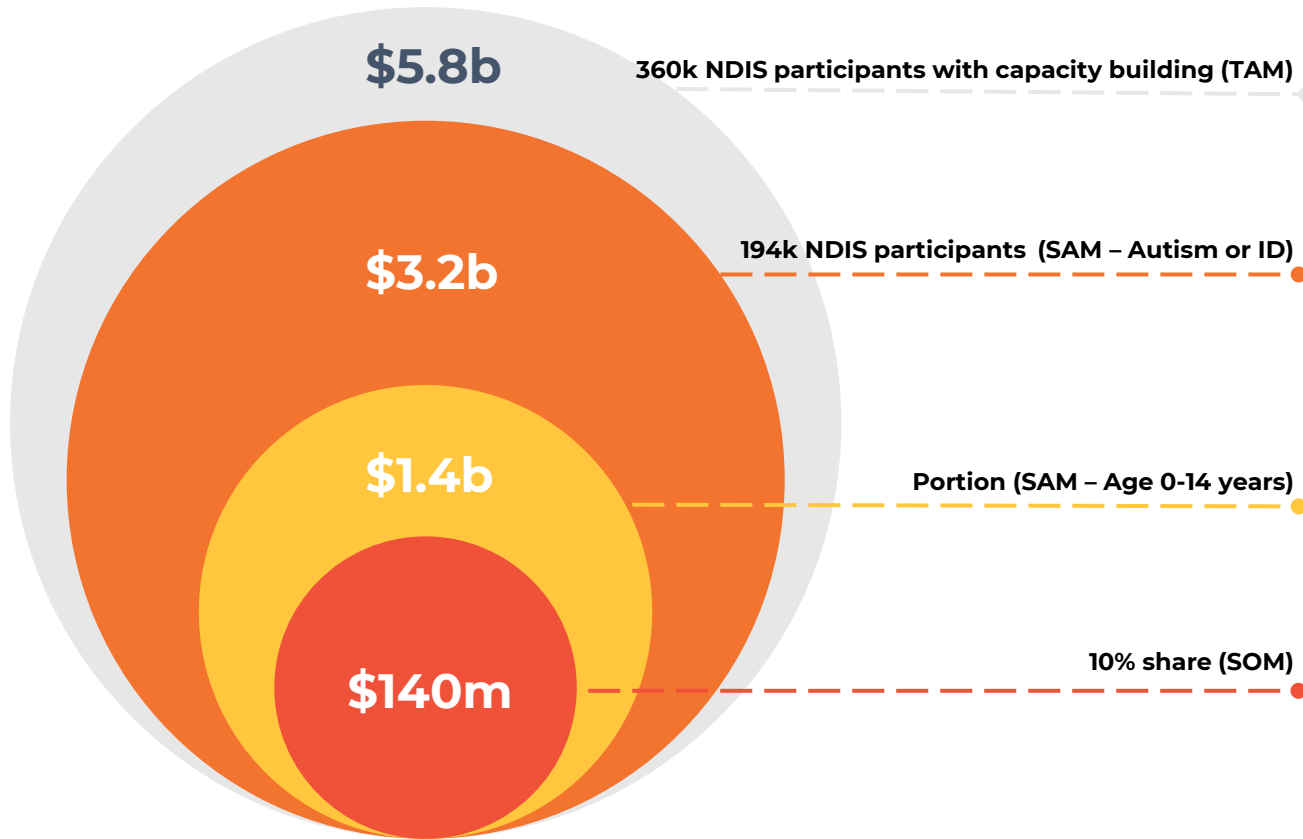
Source: AIHW, Department of Health Royal, Commision into Aged Care Quality and Safety, NDIS

Propositions

- The combined business will deliver an end-to-end support program, and technology platform to meet the changing needs of people with disability
- The merged entity can offer a one-stop shop in terms of access to allied health and nutritional needs for its customers
- The COVID-19 pandemic has further accelerated market shift towards telehealth

The Transaction gives Kinela greater penetration of the largest subsection of NDIS participants (those with Autism and Intellectual disabilities) through the additional clinical services offered by Therapy Connect

TAM / SAM / SOM analysis



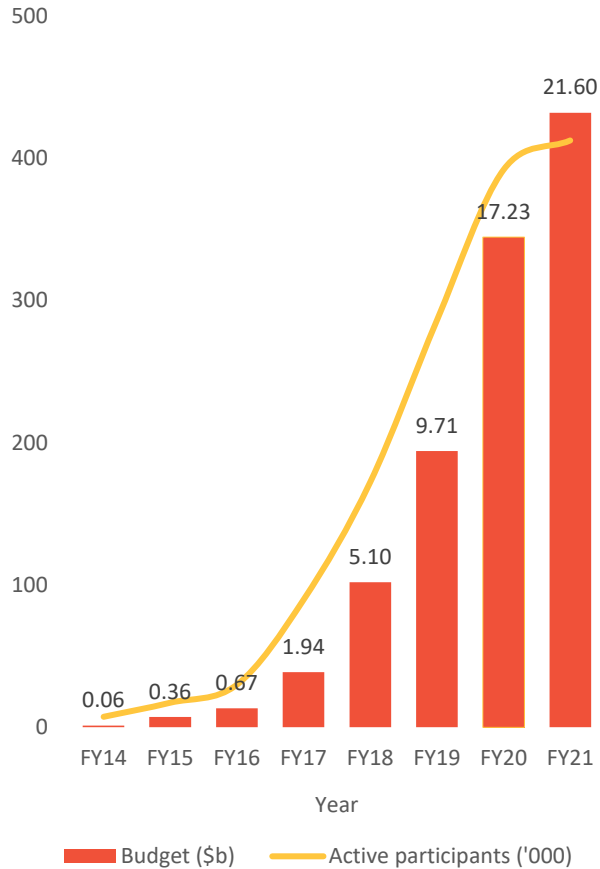
Observations

- Autism and Intellectual Disability are the largest part of NDIS and a particularly attractive segment due to the multiple service types and frequent services interactions needed. This results in a Serviceable Available Market (“SAM”) of 194K participants and \$3.2B in budgets
- Therapy Connect’s Serviceable Obtainable Market (“SOM”) is defined as 10% of the focussed SAM, resulting in 9.5K customers and \$140M annual revenue

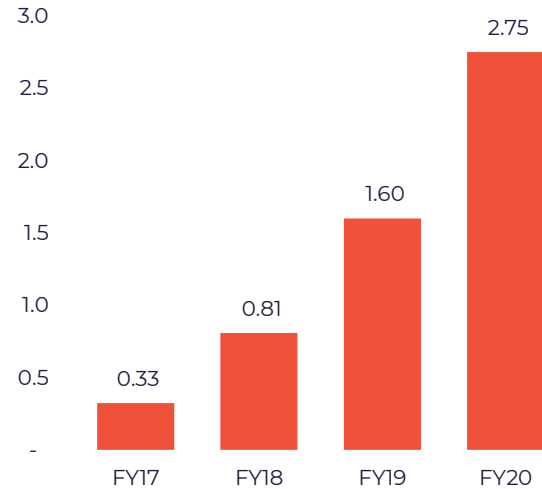
Source: Project Thunderbird DD findings, NDIS quarterly report
¹Intellectual disability

NDIS is estimated to reach up to ~\$22b in funding by the end of FY21 with around 400k participants

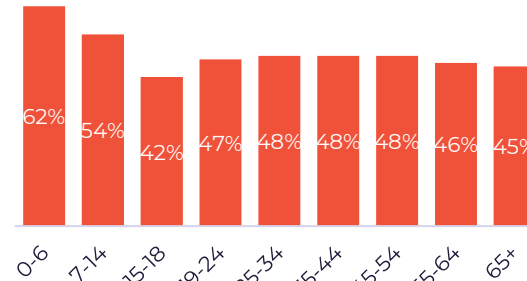
NDIS funding (\$b) and participants (000s)



NDIS Expenditure on Capacity Building (\$b)



Capacity Building budget utilisation (%)



Observations

- The amount of money spent on the capacity building support class of which Food is a subcategory has grown rapidly increasing ~9x since beginning of 2016
- Capacity building utilisation is low with only 45-60% of the budget spent across different age groups
- This presents a large commercial opportunity that continues to grow year on year
- Highly fragmented allied health provider ecosystem with legacy businesses, ready for disruption and tech innovation via telehealth

Source: Data published by the NDIS

Therapy Connect has established a strong reputation for excellence in clinical service delivery in rural areas including speech, occupational therapy and psychology telehealth services

Therapy Connect Business Overview

Company Overview

Therapy Connect works with people across Australia who live in rural, regional and remote areas or experience difficulty accessing sufficient therapy support to meet their needs. Therapy Connect link allied health clinicians to families and their support networks via telecommunications technology, such as web-based videoconferencing, an innovative approach that has proven successful in providing timely access to highly experienced allied health practitioners for people isolated from services.

Business Model

- Highly experienced health professionals; minimum of 5 years' experience and average of 15 years since graduation. Therapy Connect currently has 38 practitioners across five disciplines (Speech Pathology, OT, Physio, Dietetics and Psychology)
- Able to recruit practitioners according to client demand (e.g. hire practitioners based on experience with particular age groups/disability types)
- Therapy Connect employs a full time Clinical Services Manager to offer team support & drive quality assurance and has contracted Virtual Admin, IT support, Quality and Communications, Marketing and HR Consulting
- Team members go through an extensive induction program and induction guidelines to ensure they deliver best practice standards
- Flexible employment model utilising both permanent part-time employees and contractors

Management Team



Simone Dudley (CO-FOUNDER)

- Registered OT with 25 years experience working in paediatric and early intervention services
- She has 9 years teaching experience working in the areas of disability, behaviour and learning difficulties, with kinder and primary school aged students
- From South West NSW



Sue Cameron (CO-FOUNDER)

- Sue is a certified practicing speech pathologist with more than 25 years experience working in health and education
- Passion for ensuring that country people have access to high quality services has led to her interest in telepractice and telespeech therapy
- From Western Victoria

Observations

- Telehealth can increase access and the frequency that rural individuals are able to attend appointments (cut waiting lists and travel times)
- Therapy Connect's workforce will be able to grow with demand due to its flexible nature
- Therapy Connect is led by an experienced management team who have combined 50+ years of industry experience, are recognised leaders in telehealth and have built strong networks and profiles in regional and remote areas

Under our “base” case¹, Therapy Connect is forecast to achieve \$4.5m in revenues in CY21 with 12.3% EBITDA margins

Income Statement

Income statement		FY20a	FY21e	FY22e	CY20e ³	CY21e
Revenue	[\$000s]	1,286	3,343	5,420	2,284	4,487
Cost of sales	[\$000s]	(656)	(1,788)	(2,942)	(1,212)	(2,415)
Gross margin	[\$000s]	629	1,555	2,478	1,072	2,072
Opex	[\$000s]	(468)	(1,123)	(1,823)	(744)	(1,521)
EBITDA	[\$000s]	161	432	656	328	551
Revenue growth and margins %						
Revenue growth %	[% growth]		160.1%	62.1%		96.5%
Gross profit %	[% margin]	49.0%	46.5%	45.7%	46.9%	46.2%
EBITDA margin %	[% margin]	12.5%	12.9%	12.1%	14.4%	12.3%

Earn out period ←

Observations

- Therapy Connect is a profitable business with strong revenue growth
- Under our “base” case, Therapy Connect is forecast to generate ~\$4.5m in revenues in CY21 and achieve 12.3% EBITDA margin as compared to \$1.3m revenue in FY20 with 12.5% EBITDA margin
- Therapy Connect is estimated to achieve ~\$5.2m annualised Dec-21 quarter revenue which implies ~72% increase from current run-rate annualised revenues of ~\$3.0m²

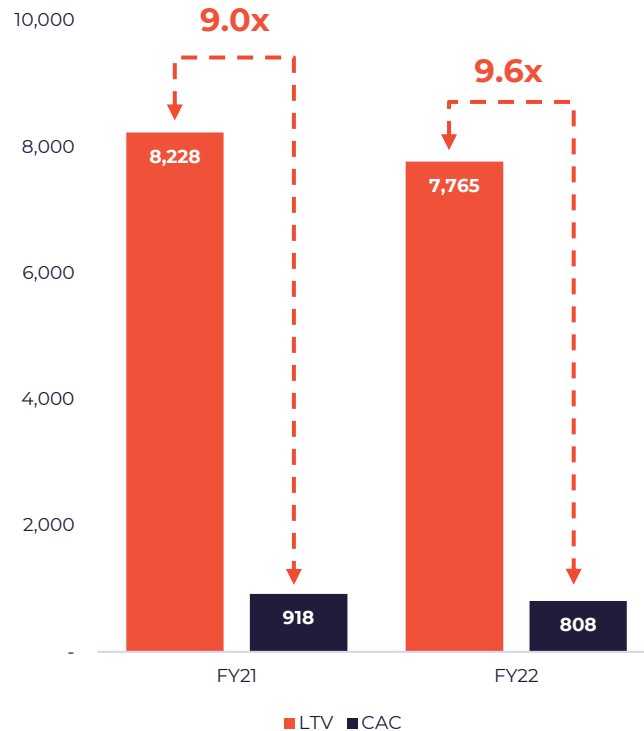
Source: Therapy Connect and Kinela management, Venture Advisory

¹Kinela management view on Therapy Connect forecast; ²October-20 revenue for Therapy Connect was \$253k; ³Estimate includes 8 months of actuals only

Therapy Connect currently has an impressive Lifetime Value to Customer Acquisition Cost (LTV / CAC) ratio fuelled by high customer retention and low customer acquisition cost

LTV / CAC analysis

LTV / CAC analysis		FY21e	FY22e
LTV			
Customer lifetime	[years]	3.14	3.01
<hr/>			
LTV	[\$ LTV]	8,228	7,765
<hr/>			
CAC			
Gross adds	[# adds]	557	569
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CAC per customer	[\$ CAC]	918	808
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LTV / CAC	[x]	9.0x	9.6x



Observations

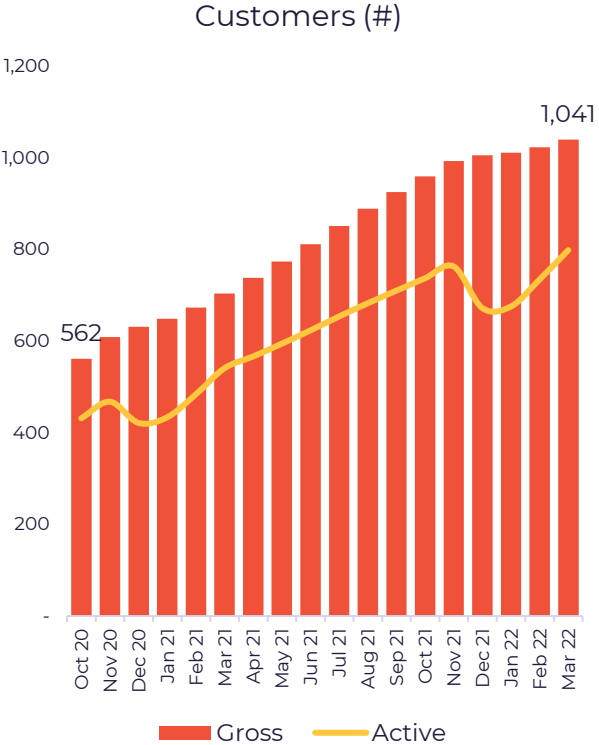
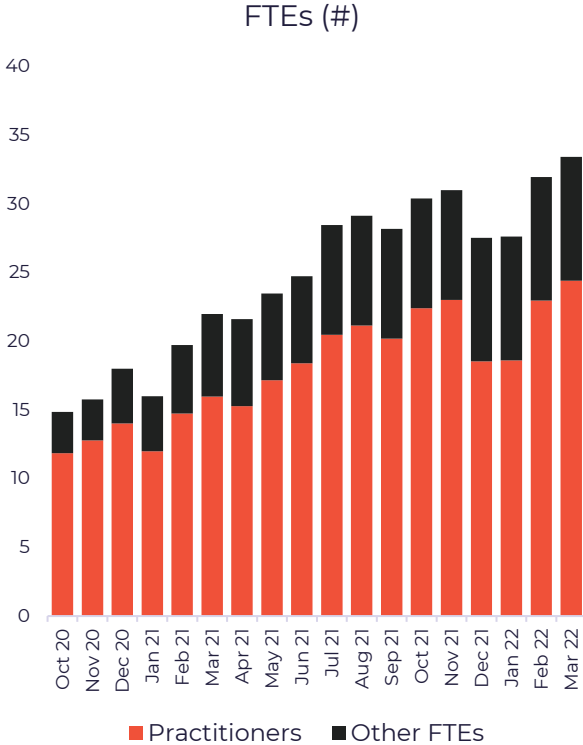
- TC has a strong current LTV \$10,600 driven by large contract sizes and low churn (~2%/mth)
- CAC is \$970 even when conservatively including 100% of non-clinical costs. Current CAC is unsustainably low, given Therapy Connect is yet to invest in dedicated Sales or Marketing.
- Our base case modelling (including increased Sales and Marketing spend as business scales) suggests that LTV / CAC ratio will “normalise” over the next 3-5 years - but remains strong¹ (>6x) indicating a capacity to invest even more in growth and scale

Source: Management forecasts, Venture Advisory
¹6x LTV / CAC is reflects tech industry benchmark

Therapy Connect – Key Metrics

Over the next 18 months Therapy Connect estimates doubling of its customer base while maintaining high monthly frequency and utilisation rates

Key Revenue Metrics¹



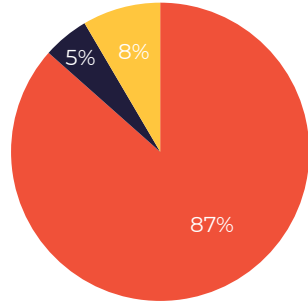
Observations

- The business estimates to add 40-60 customers per month while keeping churn rates low
- Customer frequency is sustained due to the type of disabilities (Autism / Intellectual Disability) and age demographic (kids) which tends to more multi-modal and more frequent interventions
- Therapy Connect maintains high active customers rate with a comprehensive retention funnel
- Therapy Connect Practitioner FTEs are estimated to grow to ~25 by Mar-22

Source: Therapy Connect and Kinela management, Venture Advisory
¹FTEs include contractors and part-time employees and does not represent the actual number of Therapy Connect employees

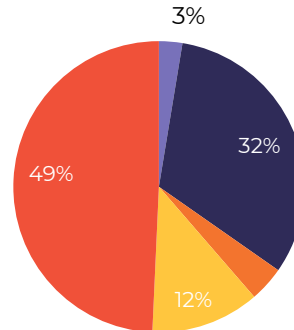
Therapy connect has grown rapidly since the beginning of 2019 and has a customer base with a diverse service type who attend regular appointments

Client hours in Aug-20 by location



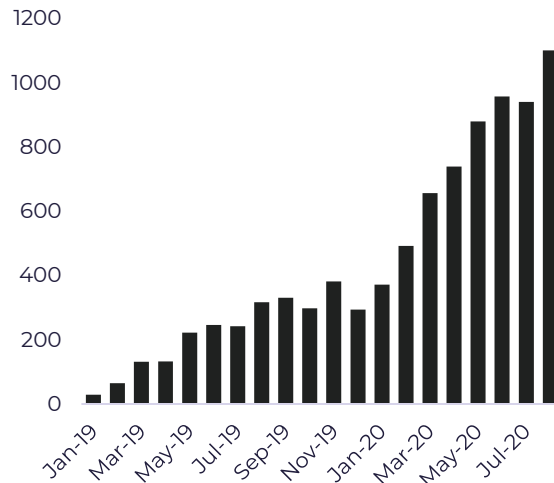
Metropolitan Remote
Very Remote

Client hours in Aug-20 by service type

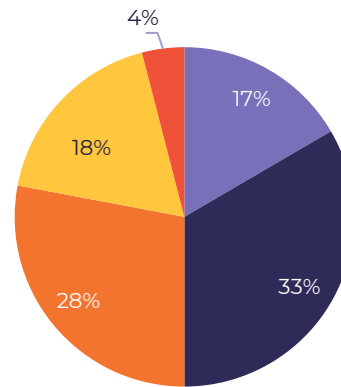


Dietetics Occupational Therapy
Physiotherapy Psychology
Speech Therapy

Billable hours per month



Average # of appointments per month¹



1 2 3 4 5

Observations

- 87% of Therapy Connect's customers are in Metro regions providing cross-sell opportunities with Kinela's food product
- Therapy Connect has grown rapidly from 29 billable hours in Jan 2019 to ~1,101 in August 2020
- Over an 8 month period 50% of customers attended 3 or more appointments
- Speech therapy is Therapy Connect's biggest service type making up 49% of their total session hours in August

¹Data used was between Jan 2020 and Aug 2020 and was rounded to the nearest whole number

A photograph of two men in a kitchen. The man on the left is older, with grey hair, wearing a dark blue long-sleeved shirt and holding a white mug with a blue base and speckles. The man on the right is younger, with dark hair, wearing a white polo shirt and also holding a similar mug. They are standing in front of dark blue kitchen cabinets. In the background, there is a shelf with various items, including what looks like a coffee maker and some containers. The lighting is soft and indoor.

MERGECO

The merged business is estimated to achieve \$25.2m revenue in financial year 2022 with Sep-21 being the first EBITDA profitable quarter

MergeCo Income Statement (pro-forma)¹

Income statement		FY20a	FY21e ²	FY22e ²
Revenue KNL	[\$000s]	7,674	11,435	19,575
Revenue Therapy Connect	[\$000s]	1,286	3,343	5,420
Revenue Synergies	[\$000s]	-	-	154
Total revenue	[\$000s]	8,960	14,778	25,150
COGS	[\$000s]	(5,150)	(8,144)	(13,648)
Gross profit	[\$000s]	3,810	6,634	11,502
Opex	[\$000s]	(5,611)	(7,988)	(10,024)
EBITDA	[\$000s]	(1,800)	(1,354)	1,478

Revenue mix %

Kinela	[% mix]	85.7%	77.4%	77.8%
Therapy Connect	[% mix]	14.3%	22.6%	21.6%
Synergies	[% mix]	-	-	0.6%

Margins %

Gross margin %	[% margin]	42.5%	44.9%	45.7%
EBITDA %	[% margin]	(20.1%)	(9.2%)	5.9%

Source: Management forecasts, Venture Advisory

¹Prepared on a pro-forma basis as combined in all years; ²Kinela management downside sensitivity assuming 10% reduction in budget revenues while preserving Opex

Observations

- The combined business is forecast to grow the revenues to \$25.2m² by FY22 from the current ~\$9.0m in FY20
- By Jun-22, the merged business is forecast to achieve \$1.5m in annual EBITDA implying 5.9% margin
- The revenue uplift will come from larger and stickier customer base growing at an accelerated pace

While Kinela and Therapy Connect will operate substantially independently during the earn out, there are some revenue synergy opportunities as we bring the two businesses closer together

Revenue synergies

1

Cross sell new Therapy Connect therapies (eg OT, Psych and Physio) into Kinela's food customer base

2

Scale referrer BD efforts leveraging the best practices and relationships from each company

3

Explore significant B2B partnerships, government relations and procurement channels, leveraging the larger scale and brand of MergeCo

4

Leverage Kinela Account Management model and technology build up to guide customers on a personalised health journey, drive utilisation and continually introduce new services

Cost synergies

- A larger employee base will allow for greater efficiencies and higher staff utilisation in service delivery
- Together Kinela and Therapy Connect will be able to achieve synergies in fixed operating costs (leadership, finance, tech) which will spread across larger business achieving higher revenues

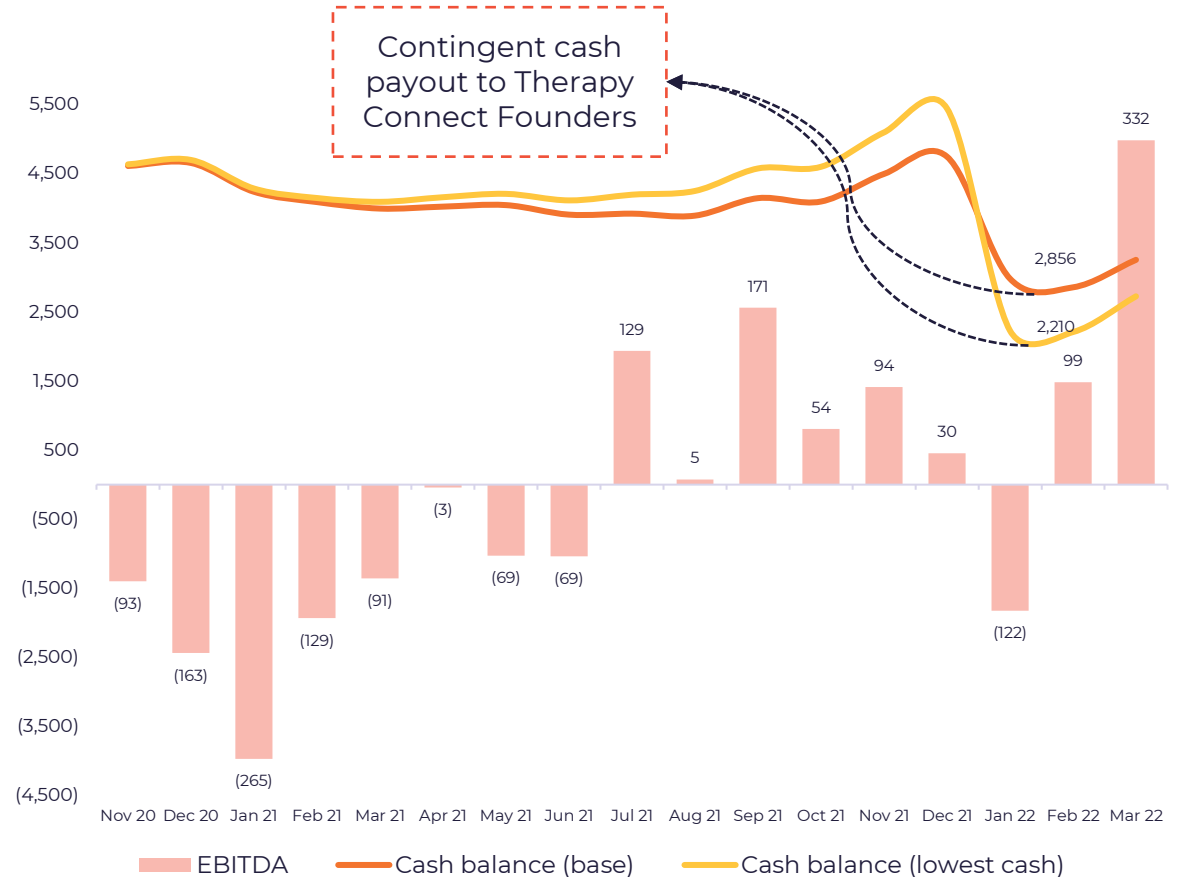
Source: Project Thunderbird DD findings

The combined business will use the current raising to fund the business through profitability and is estimated to sustain the cash balance at above \$4m mark before contingent cash payout to Therapy Connect founders at the end of the earnout period

Observations

- The investment is forecast to take the business to EBITDA profitability in the Sep-21 quarter
- Maximum contingent cash payout to Therapy Connect founders is \$3m. Under that scenario the MergeCo will still have more than \$2.0m headroom

Cash balance and cash flows (\$000s)¹



Source: Management forecasts, Venture Advisory

¹The combined business will hit the lowest cash amount if Therapy Connect overachieves on its targets and get full contingent payout

The detailed integration plan is based on the principles below, with a focus on an initial ‘light-touch’ integration to allow the business to continue to optimise for profitable growth

Period	Q1	Q2	Q3	Q4
Governance	<ul style="list-style-type: none"> • A monthly “Steer Committee” to be developed on day one between executives of both businesses • A bi-weekly joint business admin committee to be developed include head of marketing, allied health and Therapy Connect founders 			
People	Develop the Group vision and principles including cultural norms and employee/contractor mix.	Begin relationship building through introductions and regular interactions across teams	Finalise the proposed organisational structure post merger.	Develop the employee transfer plans, induction processes, KPIs and appropriate policies
Allied Health	Kinela to establish a forum for regular knowledge sharing	Use the knowledge sharing forum to establish best practices and tools for allied health going forward	Finalise the group processes regarding allied health including health outcomes, reporting, general processes, programs and IP	Finalise any outstanding processes including onboarding, clinical service modelling and common workforce planning
Operations	Operational best practices to be discussed between the companies and thorough evaluation of business technologies	Establish an integration team and begin identifying and planning to realise synergies between the groups	Complete the integration plan for all workstreams and present to board	Finalise the detailed marketing plan for MergeCo and brand strategy

Therapy Connect acquisition terms

The proposed terms protects Kinela from the downside case while providing additional consideration to vendors for achieving their targets

Total consideration

TC Actual Consideration		Base ¹	Target ¹	Full ²
Cash upfront	[\$000s]	1,500	1,500	1,500
Cash contingency	[\$000s]	1,481	2,613	3,000
Total max cash payout	[\$000s]	2,981	4,113	4,500
Scrip	[\$000s]	1,000	1,000	1,000
Total consideration	[\$000s]	3,981	5,113	5,500

Valuation multiples				
Actual LTM revenue	[\$000s]	4,487	5,822	6,500
EV / LTM Revenue	[x]	0.89x	0.88x	0.85x
EBITDA	[\$000s]	551	718	1,000
EV / LTM EBITDA	[x]	7.23x	7.12x	5.50x

NBIO extract

Consideration to be calculated as follows:

- \$1.5m in cash on settlement of the Transaction (Upfront);
- \$1.0m in shares in Kinela based on the founders remaining in the business until the conclusion of June 2022 and not being Bad Leavers (Retention Payment) however if they decline scrip for cash it will be at a 10% penalty i.e.. \$900k; and
- Up to \$3.0m in contingency payment based on 12 months of operating performance to 31 December 2021

Transaction Timeline



¹Base case is Kinela view of Therapy Connect financials for CY21, Target case is based on the latest projections (as of 25 Nov 2020) provided by Therapy Connect

²Reflects hypothetical case where Therapy Connect get the full earn out

A woman with short dark hair, wearing a light pink sweater, is seated in a wheelchair. She is smiling and looking towards a young woman with long brown hair tied in a ponytail, wearing a white polo shirt. They are sitting at a long wooden table outdoors. The background is a bright, sunny outdoor setting with green trees and a blurred landscape. A semi-transparent white banner with a thin orange border is positioned across the lower part of the image, containing the word "OFFER" in red capital letters.

OFFER

Kinela is raising A\$5m at A\$0.125 a share in order to fund the proposed acquisition of Therapy Connect

Term Sheet	
Issuer	Well Movement Pty Ltd trading as 'Kinela' (ABN 92 601 713 517)
Amount being raised	Targeting up to approximately A\$5,000,000, or 40,000,000 shares. Applications due by 14 December 2020 and payment for pro rata shares (and any additional shares) due by 17 December 2020 (or such later date acceptable to Kinela which shall be no later than 31 December 2020).
Valuation	The capital raising is being carried out on the basis of a pre-money valuation of approximately A\$17.8M.
Share class	Ordinary shares to rank pari passu with all existing ordinary shares (i.e. no liquidation preference) at a price of A\$0.125 per share.
Information Rights	The following information will be provided to all shareholders: <ul style="list-style-type: none"> - annual financial statements (non-audited) (within 3 months of year- end); and - CEO's quarterly management report and/or shareholder update
Voting Rights	One vote per share
Director Appointment Rights	<ul style="list-style-type: none"> - The board will consist of up to 5 Directors, unless otherwise determined by the board. - Each shareholder shall be entitled to appoint 1 director for every 10% of the issued ordinary shares held by that shareholder. - The directors will have the right to appoint any additional directors. - Current board members are: <ul style="list-style-type: none"> • Paul Robertson AO (Chairman) • Karn Ghosh (CEO) • Rishabh Mehrotra • William Delaat AM • Adam Pozniak
Use of funds	Funds are intended to be used for the proposed acquisition and integration of the Therapy Connect business and for working capital purposes

Kinela is aiming to raise A\$5m at A\$0.125 a share which implies ~22% dilution

Observations

- At 12.5c per share, current pre-money valuation of Kinela is ~\$17.8m
- Additional ~40.0m shares are to be issued under the offer which will take up ~22.0% of the company
- Current valuation implies EV / FY21 Revenue and EV / FY22 Revenue multiples are 1.2 times and 0.7 times

Capital raise, cap table and valuation multiples

Capital Raise			
Outstanding Shares	[# shares]		142,290,261
Offer price per share	[\$]		0.125
Pre-money Valuation	[\$]		17,786,283
Funds Raised	[\$]		5,000,000
Shares Issued	[# shares]		40,000,000
Post-money Valuation	[\$]		22,786,283
Post-Financing Cap Table			
		Shares	%
Current Shares Outstanding	[# shares]	142,290,261	78.1%
New Shares Issued	[# shares]	40,000,000	21.9%
Total Equity	[# shares]	182,290,261	100.0%
Valuation multiples			
	FY20a	FY21e	FY22e
Revenue (\$000s)	8,960	14,778	25,150
EBITDA (\$000s)	(1,800)	(1,354)	1,478
EV / Revenue (x)	2.0x	1.2x	0.7x
EV / EBITDA (x)	nm	nm	12.0x
EV¹ (\$000s)	17,786	17,786	17,786

Note: Analysis excludes the effect of Options, ESOP and potential scrip component to Therapy Connect founders
¹EV represents Kinela pre-money valuation

A photograph of two women sitting at a dining table, laughing and talking. The woman on the left has long red hair in a ponytail and is wearing a white polo shirt. The woman on the right has dark hair in a bun and is wearing a light blue sweater. They are both smiling broadly. In front of them is a plate of food, a glass of water, and a green and white striped napkin. The background shows a white shelving unit with various decorative items.

RISKS

The subscription for Shares involves a high degree of risk including, but not limited to, the risks described below

The purchase of Shares involves a high degree of risk including, but not limited to, the risks described below. Before subscribing for Shares, each prospective investor should consider carefully the general investment risks enumerated elsewhere in this Information Memorandum and the risk factors set out in the following pages, as well as the other information contained in this Information Memorandum. You must consider your financial position, personal circumstances, other potential investments available to you and your overall financial and personal objectives before deciding to participate in the Offering or subscribe for Shares. The Company does not guarantee the performance of your investment and there is no guarantee you will see a return on your investment or repayment of any amounts you have invested. Past performance is not an indicator of future performance.

Limited Operating History

The Company has not established any revenues or operations that will provide financial stability in the long term and there can be no assurance that the Company can realise its strategy and plans set out in this Information Memorandum in order to reach sustainable or profitable operations. Any material deviation from that timetable could require that the Company seek additional capital. There can be no assurance that such capital will be available when required or, to the extent available, at reasonable cost or on terms that it would not materially dilute the investments of investors in this Offering.

Investment in an early phase company such as the Company is inherently subject to many risks, and investors should be prepared to withstand a complete loss of their investments. The Company has a limited operating history upon which investors may base an evaluation of its performance; therefore, it is still subject to risks incident to the creation and development of a new business.

Need for Additional Financing

Assuming the Offering is fully subscribed, the Company believes that the net proceeds from the Offering, together with its projected cash flow from operations, shall be sufficient to fund the Company's operations in the same manner in which they are currently conducted for the next 18 months. Such belief, however, cannot give rise to an assumption that the Company's cost estimates are accurate or that unforeseen events will not occur which may require the Company to seek additional funding to meet its operational needs. In addition, the Company cannot assure that cash flow generated from its operations will be sufficient to implement the Company's business objectives. As a result, the Company may require substantial additional financing in order to implement its business objectives.

There can be no assurances that the Company will be able to obtain additional funding if required, or that such funding, if available, will be on terms acceptable to the Company. In the event that the Company's operations do not generate sufficient cash flow, or the Company cannot access additional funds if and when needed, the Company may be forced

to curtail or cease its activities which would likely result in the loss to investors of all or a substantial portion of their investments.

Inability to Develop Products or Services May Adversely Affect the Company's Business

The Company's ability to remain competitive may depend in part upon its ability to develop new and enhanced products or services and to introduce these products or services in a timely and cost-effective manner. In addition, product and service introductions or enhancements by the Company's competitors or the use of other technologies could cause a decline in sales or loss of market acceptance of the Company's existing products and services. The success of the Company in developing, introducing, selling and supporting new and enhanced products or services depends upon a variety of factors, including timely and efficient completion of service and product design and development, and timely and efficient implementation of product and service offerings. Because commitments and expenditure relating to new products and services may be made well in advance of sales, new product or service decisions must anticipate changes in the industry served.

There can be no assurances that the Company will be successful in selecting, developing, and marketing new products and services or in enhancing its existing products or services. Failure to do so successfully may adversely affect the Company's business, financial condition and the results of its operations.

Competition

The Company's principal competitors may have greater financial resources than those available to the Company and thus be in a better position to attract talent, develop competing products and services and effect broader market distribution of their respective products and services. There can be no assurances that the Company will be able to consistently develop products and services that will prove profitable to the Company in view of the competition expected to be encountered by the Company in all significant phases of its activities.

Potential Fluctuations in Operating Results

Significant annual and quarterly fluctuations in the results of the Company's operations may be caused by, among other factors, the volume of revenues generated by the Company, the timing of new product or service announcements or releases by the Company or its competitors in the marketplace, and general economic conditions.

The subscription for Shares involves a high degree of risk including, but not limited to, the risks described below

There can be no assurances that the level of revenues and profits, if any, achieved by the Company in any particular financial period will be consistent with the levels achieved in any comparable financial periods.

The Company's expense levels are based, in part, on its expectations as to future revenues.

As a result, if the revenue in any future period is below expectations, net income or loss may be disproportionately affected by that reduction in revenue, as any corresponding reduction in expenses may not be proportionate to the revenue reduction. As a result, the Company believes that period-to-period comparisons of its results of operations may not necessarily be meaningful and should not be relied upon as indications of current or future performance.

Managing Growth

The Company expects to expand its operations by increasing its sales and marketing efforts and growing the scope and reach of its services. Anticipated growth of the Company could place a significant strain on the Company's management team, and its operational and financial resources. Effective management of the anticipated growth shall require the expansion of the Company's management and financial controls, the hiring of additional personnel as required, and the development of additional expertise by existing management personnel. There can be no assurances that these or other measures implemented by the Company in response to its projected growth will increase the Company's capabilities to manage such anticipated growth or to do so in a timely and cost-effective manner. Moreover, management of growth is particularly challenging for the Company given its short operating history and limited financial resources, and a failure to effectively manage growth could have a material adverse effect on the Company's operations and financial condition.

Continued Investment Required

The Company has invested, and intends to continue to invest, in facilities and computer equipment in order to increase, expand or update its existing capabilities and facilities. Changes in technology or sales growth beyond currently established production capabilities will require further investment. There can be no assurances that the Company will be able to generate sufficient funds from its operations to finance any required investment or that other sources of funding will be available. Additionally, there can be no assurances that any future expansion will not negatively affect earnings.

Dependence on Key Individual

The Company is highly dependent on the services of Karn Ghosh, CEO, and the loss of this individual could have a material adverse effect on the future operations or financial condition of the Company.

Attraction and Retention of Qualified Personnel

The Company's ability to realise its objectives is dependent on its ability to attract and retain qualified personnel. Competition for such personnel can be intense, and there can be no assurance that the Company's results will not be adversely affected by any failure to attract, retain and/or replace suitably qualified personnel.

The Company's management has entered into employment agreements that include non-compete obligations and confidentiality requirements. However, there can be no assurance that such agreements will fully protect the Company from the impact of competition if any of these individuals leave the Company.

Risks Associated With Financial Projections

The financial projections of the Company included in this Information Memorandum are based upon assumptions that the Company believes to be reasonable. Such assumptions may, however, be incomplete or inaccurate, and unanticipated events and circumstances may occur which may result in those projections not being met. For these reasons, the actual financial results of the Company during the periods covered by the projections may be materially and adversely different.

Even if the assumptions underlying the Company's projections prove to be correct, there can be no assurances that the Company will not incur substantial operating losses in achieving its goals. The Company's projections are based on the premise that existing consumer demand for the Company's products and services will continue. However, there can be no assurances that the Company's projections will be met if any of the assumptions underlying those projections prove to be incorrect.

Limited Liquidity in the Absence of a Public Market

The Shares offered pursuant to the Offering are being offered in a private offering based upon available exemptions from the Act. There is no public market in which the Shares are regularly traded and it is not anticipated that any such market will develop in the foreseeable future. Therefore, investors subscribing for the Shares should be prepared to hold those Shares for an indefinite period of time.

Restrictions on Transfer of Shares

In subscribing for Shares, investors will acquire unregistered securities comprising a minority interest in a private company. The Shares are not freely transferable and the Shareholders Deed provides that a shareholder seeking to dispose of any Shares must first offer them to the other Shareholders who have a right of first refusal prior to any disposal of the Shares proposed to be sold.

The subscription for Shares involves a high degree of risk including, but not limited to, the risks described below

As a result of the restrictions on the transferability of the Shares, and the fact that no secondary market exists or is expected to develop for the Shares, holders of the Shares are unlikely to be able to liquidate their investments, pledge the Shares as security on a loan in the event of an emergency or otherwise dispose of their interest in the Shares. Accordingly, any investment in the Shares should be considered only as a long-term investment.

No Guarantee of an Initial Public Offering

There can be no assurances that the Company will be able to conduct an initial public offering of its Shares at any later stage, as its present level of business does not merit public ownership. In order to generate value from an initial public offering, a suitable underwriter must be located and a public market must be maintained following such offering. Typically, in an initial public offering, existing shareholders are not permitted to dispose of all of their shares and are frequently required by the underwriter to "lock-up" some or all of their shares for a period of time following that offering. The Shares under the Offering will be issued without a prospectus or a disclosure document and, accordingly, are subject to on-sale restrictions under the Act.

Determination of Offering Price

The offering price for the Offering as noted in this Information Memorandum was determined by the Company based upon a number of factors. Such offering price is based primarily on the amount of funds sought from the Offering and the number of Shares the Board is willing to issue in order to raise such funds. Accordingly, there is no relationship between the price of the Offering and the assets, earnings or book value of the Company, the market value of the Shares or the Company, or any other recognised criteria of value. As such, the offering price does not necessarily indicate the current value of the Shares and should not be regarded as an indication of the current or any future market price of the Shares.

No Payment of Dividends

The Company has never paid dividends on its Shares and does not expect to pay any dividends with respect to its Shares in the foreseeable future. The Company intends to retain any surplus earnings for use in the operation of its business. The Company's Board shall determine any future dividend policy of the Company based upon, among other things, the results of the Company's operations, financial condition, contractual restrictions and other factors considered relevant at the time. The Company intends to retain an appropriate level of earnings, if any, to support the Company's business activities.

Risks Associated with Forward-Looking Statements Included in this Information Memorandum

This Information Memorandum contains certain forward-looking statements regarding the plans and objectives for the future operations of the Company, including plans and

objectives relating to the development of the Company's business. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties. The Company's plans and objectives are based on a successful execution of the Company's business strategy and assumptions that the Company will become profitable, that the market for the Company's products or services will not change materially or adversely and that there will be no material adverse change in the Company's operations or business.

The assumptions highlighted above involve judgments with respect to, among other things, future economic, competitive and market conditions and business decisions (most of which are beyond the control of the Company), and are difficult or impossible to predict accurately.

Although the Company believes that its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. As a result, there can be no assurance that the forward-looking statements included in this Information Memorandum shall prove to be correct. In light of the significant uncertainties inherent in those forward-looking statements, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company shall be achieved.

Other Risks

The Company and its business are exposed to various macroeconomic risks including but not limited to changes to interest rates, fluctuations in economic growth, changes in inflation, exchange rate fluctuations and changes to government laws and policies as well as social factors. Although the Company aims to ensure careful and diligent operations, there remain inherent operational risks involved in the Company's business.

Investors are exposed to the risk of fraud and mismanagement or any force majeure type events which may affect the Company.

COVID-19 risk

The full health and economic impact of COVID-19 in Australia and overseas remains highly uncertain and is impacting most businesses, including the Company, in many ways already and with unpredictable impacts in the future. In the current circumstances, it is difficult to accurately forecast the anticipated revenues of the Company or to determine what other potential effects COVID-19 may have on the operations or financial condition of the Company.

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