Just Kitchen Holdings (JK - V)

I Will Take a Steak with a Double Portion of the Stock Please

May 3, 2021

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We are initiating coverage of JustKitchen with a Buy rating and a target price of $3.00. In summary, our recommendation is based on:

Consumer behaviour, in terms of eating habits, has changed dramatically over the years. Today, approximately 50% of a family's food budget is spent on food prepared outside the home versus 25% in the 1970s.

Of that budget, a greater and greater percentage is being allocated to take-out/delivery versus dining-out/eat-in restaurants. In fact, since 2014, online ordering and delivery has grown 300% faster than dine-in traffic (perhaps not a coincidence that 2014 was the year UberEATS was created) with 60% of US consumers ordering food delivery AT LEAST twice per week.

While restaurants have pivoted toward take-out/delivery during the pandemic, they are not operationally structured for such a business with too many overhead costs (ie. dining rooms, staff, high rent). This has given rise to Ghost or Dark kitchens, who are specifically designed for the delivery market.

JustKitchen is a newly listed public company, which is, as its name implies, just a kitchen that caters solely to the delivery market in Taiwan. It operates on a hub and spoke model where the food is prepared in the hub, sent to the spokes, where the final preparation and packing is done before final delivery to the final customer. JK currently operates 1 hub and 14 spokes with plans to have 19 spokes by the end of FY21, 30 by the end of FY22 (Sept) and ultimately 35 by the end of calendar 2022 in Taiwan. The company also has aspirations for international expansion including to Hong Kong, Singapore, the Philippines and the United States.

To date, JK has experienced annualized revenue/spoke of ~$1.4 million with an operating segment profit margin of 20%. As such, if/when the company reaches 35 spokes in Taiwan in next 18 months, it could be on a revenue run-rate of ~$50 million. International expansion beyond Taiwan would be incremental to that forecast.

JK's peer group, which consists of delivery apps as well as online meal kit delivery companies, have grown their revenues by an average of 120% y/y based on their last reported results. The group trades at an average of 5.5x FY22 (Dec) consensus sales forecast. Based on our current FY23 (Sept) revenue forecast (35 spokes), JK trades at 1.9x.

The combination of anticipated strong revenue growth from a conducive macro environment and a significant valuation discount to its peer group leads us to believe the shares of the company represent an excellent risk-return trade-off. We therefore initiate coverage of JustKitchen with a Buy recommendation and $3.00 target price based on 4x our FY23 revenue forecast of $48 million.

Initiating Coverage

BUY $3.00

Recent/Closing Price	$1.60
12-month Target Price	$3.00
Potential Return	88%
52 Week Price Range	$0.88 - $1.85

Estimates

YE: Sept 30	FY21e	FY22e	FY23e
System Sales ($MMs)	$12.3	$33.5	$47.9
Adj EBITDA ($MMs)	($4.8)	$3.7	$6.1

Valuation

	FY21e	FY22e	FY23e
EV/Sales	7.3x	2.7x	1.9x
EV/EBITDA	n/a	24.2x	14.8x

Stock Data

Shares Outstanding (MM)		
	Basic	59.2
	FD	78.9
Market Cap ($MM)		
	Basic	$94.7
	FD	$126.2
Net Cash ($MM)		$5.0
EV ($MM)		$89.7

About the Company

JustKitchen operates a network of ghost kitchens in a unique hub and spoke model, allowing its proprietary delivery-only food brands and partner restaurant brands to reduce production and overhead costs, maximize efficiency, reach more customers and increase sales volume. Currently operating in Taiwan and preparing to expand throughout Asia and North America, JustKitchen combines underutlized real estate, algorithm-driven supply chain optimization and last-mile food delivery apps to reach underserved markets.

All prices in C$ unless otherwise stated

Stock Performance

Investment Thesis

Food (along with oxygen and water) is a key basic human need. From hunter-gathers and subsistence farming to the self-service grocery store (the Piggly Wiggly, which first opened in 1916), to home delivery ordered on a smart phone, there is been a dramatic evolution in terms of how and where we get our food. In general, however, we consume food in one of two ways, either cooking at home or dining out. Fifty years ago, most families spend the lion's share of their "food budget" on preparing meals at home (75%). Today, that figure has dropped to ~50% with the other 50% spent on dining-out/ordering-in. Whether it is because of two working parents/partners, a general lack of time or a lack of the basic knowledge of cooking, dining-out/ordering-in has become a greater and greater part of peoples' daily lives to the point where <u>60% of Americans now order food at least 2 times per week</u>. Note that these statistics are prior to the impact of the pandemic, which has exacerbated this trend that was already well in place. If we come to the conclusion, therefore, that the next evolution in consumers' eating behaviour is to spend more of their food budget on meals prepared outside the home, what is the emerging trend to capture more wallet share between dine-out (ie. eat-in restaurant) versus order-in/take-out?

It is generally well-understood that restaurants are a difficult business. In order to be prepared, a restaurant must hire a full staff, have significant food inventory and be located in a high traffic area, which typically would imply a high rent. The problem comes if customers do not show-up as an empty table is lost revenue. Consequently, 71% restaurants operate with less than a 10% profit margin. If they want to pivot to take-out/delivery, as many have had to do during the pandemic, they still have all of the above fixed costs but now also have to pay a delivery service, such as UberEATS, who can charge up to 30% of revenue.

Like most things, specialization, and doing one thing very well, is the key to success. As the delivery market is witnessing strong growth for all of the reasons noted above, a sub-segment of the restaurant business has emerged to specifically cater to it. As opposed to the aforementioned characteristics of restaurants, such facilities that cater to delivery only, called Ghost or Dark Kitchens, do not have seats, do not need wait-staff and do not need to be located in visible, high rent districts resulting in a significantly lower cost structure.

JustKitchen (JK – V) is a newly listed public company, which is, as its name implies, just a kitchen that specifically caters to the delivery market in Taiwan. It operates a hub-and-spoke model where the food is prepared in the hub, sent to the spokes, where the final preparation and packing is done before final delivery to the customer. JK currently operates 1 hub and 14 spokes with plans to have 19 spokes by the end of FY21, 30 by the end of FY22 (Sept) and 35 by the end of calendar 2022 to reach capacity in Taiwan. The mature spokes within its portfolio have demonstrated annualized revenue of ~$1.4 million/spoke with a 20% operating segment profit margin, implying ~$50 million revenue run-rate in Taiwan within 18-24 months. The company also has aspirations for international expansion including to Hong Kong, Singapore, the Philippines and the United States, which would be incremental to our financial forecast. Based solely on its expected Taiwan footprint and a 4x P/S multiple, we arrive at a target price of $3.00.

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Consumer Behaviour: "The Times They Are a Changing"

Growing up in the 1970s and 1980s, your author's experience during that time was that of home cooked family meals. Eating out was for special occasions and delivery was essentially non-existent, except for the (very) odd pizza. Such personal experience is backed up by statistics. In a recent survey by the Johns Hopkins School of Public Health, US households spend 66 minutes cooking per day in 2008 compared to 112 minutes in the 1960s, or down ~50%. Clearly part of this is due to two working parents/partners resulting in less available time to prepare food. It also could be that more people are not skilled or do not care to cook, a skill and passion typically passed down through one's parents. A recent survey done for the grocery industry found that only 10% of Americans "love" cooking with 90% indicating that they do not enjoy it (45%) or were ambivalent (45%). Over the last 50 years, the family budget for food prepared at home has dropped from 75% to 50%. With less preparation being done at home, consumers must still be getting their food intake from somewhere. A survey from Zagat's found that Americans on average eat out 5.9 times per week. At an average cost of ~$13.00/meal, that equates to a household food budget of US$3,000+ per year on meals prepared outside the home. With 128.5 million US households, that equates to an out-of-home meal preparation market of ~US$400 billion.

There has therefore been a huge change in consumer behaviour that has resulted in a wallet shift from in-home food preparation to our-of-home purchases. The choices for a share of that wallet spend are plentiful (over 650,000 restaurants in the United States), from a variety of dine-in restaurants (full service or FSR) across the value spectrum to fast food (quick service or QSR) to take-out and delivery. The question then becomes, of these options, is there one service that is gaining in popularity and capturing more wallet-share?

Restaurants: Have Always Been a Difficult Business, but More So These Days

We will define restaurants for the sake of this analysis as eat-in establishments. Even before the onset of the pandemic, it was well known that operating a restaurant was a difficult proposition. Statistics show that 60% of restaurants don't make it past the first year and 80% go out of business within 5 years. While there are a myriad of reasons why, we believe the primary one may be a high level of fixed costs (rent in a traffic areas, staffing, high levels of perishable inventories) versus revenues that can be variable. As they say in the airline industry, an empty seat is lost revenue forever. The same is true for a restaurant. An empty table(s) is lost revenue against those fixed costs. The net result is that even at the best of times, restaurants have slim margins and it does not take much to push a company to the brink of failure. Bearing this in mind, it is understandable how the restaurant industry faced such a difficult time during the pandemic when they were forced to close to walk-in traffic. Essentially, they had two choices: close or pivot to take-out/delivery.

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Unfortunately, even with such a pivot, such establishments may still have a difficult go as they are not optimized, from a cost perspective, to a take-out/delivery model. In particular, while they may be able to reduce staff costs, they would still have to pay rent (on much more space than is needed in the absence of customers) in a high traffic area and now have to add delivery costs, such as UberEATS, which can be 30% of associated revenue. It doesn't seem to matter how one slices it, restaurants are a tough business.

Ghost Kitchens: A Major Growth Segment within Delivery Market

By specialized delivery, we mean operations that are structured to ONLY offer meals that are delivered to the end customer. In the new lexicon, they are called Ghost or Dark Kitchens. As opposed to full-service restaurants, the associated costs of a ghost kitchen are significantly lower as they do not need the high cost of restaurant seating (and its staffing) and do not need to be in a high rent, high traffic area. Again, while the concept of delivery is not new, the concept of a kitchen specifically geared towards that market is.

Well before the pandemic exacerbated the trend, delivery was on significant upswing, perhaps as a result of the combination of more delivery apps, such as UberEATS and consumers' changing behaviour noted above. According to a 2019 report from the National Restaurant Association and Zagats:

a) Online ordering and delivery has grown 300% faster than dine-in-traffic since 2014 (perhaps not a coincidence that 2014 was the year UberEATS, Foodora and DoorDash were all created);

b) 60% of US consumers used food delivery AT LEAST twice per week.

During the pandemic, all of these metrics are likely higher. Nevertheless, we believe that even when the pandemic subsides, delivery will continue its growth apace for the following reasons:

a) Consumers' are spending an increasing amount of their budget on food prepared outside the home;

b) Delivery represents a massive convenience option for consumers where they can now get any variety of food across a broad value spectrum and eat in the comfort of their own homes, perhaps in front of Netflix (NFLX – US, NR) or the game on a big screen tv! Choices, in fact, have never been bigger (on both food and home entertainment options!)

While dining-out will certainly rebound at the end of the pandemic, it may remain more of a special occasion or get-together with friends while delivery certainly seems to be filling the everyday void left from families not cooking as much at home. Consequently, we anticipate that delivery, and Ghost Kitchens that are increasingly catering to that market segment, will remain a growth market for the foreseeable future.

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JustKitchen: Hub-and-Spoke Model

JustKitchen is a newly listed public company, which is, as its name implies, just a kitchen that specifically caters to the delivery market in Taiwan. The macro dynamic in Taiwan is similar to the one described above in terms of the delivery market albeit, if anything, the culture in Taiwan is for families to order delivery more regularly than their American counterparts, which as noted earlier, is now 2 times per week and growing.

JK has taken the concept of the ghost kitchen, which by definition is a single, dedicated site and as such, by practicality, has limited geographic reach (as delivery is typically constrained by a 4-5 kilometer radius) and expanded it. To enable a broader breadth of service, the company has created a hub-and-spoke model whereby there is a full-scale kitchen at the hub, which provides semi-prepared food items to the spoke. The spokes have smaller "finishing" kitchens to complete the meals for final delivery. Below we will review the main attributes of the company.

Growth Strategy: Taiwan First, Then Expansion

JustKitchen's strategy is to fully align itself with the macro trends we have noted above. As indicated, its current footprint in Taiwan includes 1 hub and 14 open spokes. Taiwan has a population of ~24 million with a geographic size of ~36,000 square kilometres (about 2x larger than New Jersey). It should be remembered, however, that most of the population lives in the western third of the island indicating a high degree of population density. Furthermore, the culture in Taiwan is conducive to eating foods prepared outside the home with ~12%+ of all household expenses going to such costs, resulting in an online delivery market of ~US$30 billion in the country. As such, we believe Taiwan is an excellent market for JustKitchen to have launched its service.

Having opened its first operations in March 2020, the data indicates that it takes ~4 months for a spoke to reach maturity at which point it generates ~$1.4 million in annualized revenue (250 orders per day at average of $15.00 per order) with an operating segment profit margin of 20% per spoke. Against an a capital cost of $150,000 per spoke, that equates to a payback of 6-7 months. Upon extended hours of operation (currently 11am-10pm), daily order could increase to 300+, which could increase annual revenue/spoke to $1.6 million.

With 14 spokes currently open, management has indicated its goal of having 22 open by the end of this calendar year (Dec 2021) and 35 to reach capacity in the country, expected by Dec 2022. This would indicate a revenue run-rate of ~$30 million by calendar year-end 2021 and ~$50 million for Taiwan when fully built-out.

Given the ghost kitchen trend is still in its early stages around the world and with its proven hub-and-spoke model, JustKitchen plans to expand beyond Taiwan with likely destinations including Hong Kong, Singapore, the Philippines and the United States. We would expect JK to pursue partnerships in these regions to ameliorate its entry. Note that such expansion is not currently built into our financial model.

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Product Offering: Broad Choices Increases Consumer Breadth

To attract as many customers as possible, JustKitchen offers an array of products across a variety of price points. This includes both Asian and Western cuisine as well as partner brands (eg. Formosa Chang, TGI Friday's, Smith & Wollensky) as well as 15 in-house brands.

Furthermore, given the inventory it has on hand, JK has started a grocery delivery service. Note that we have not modeled any impact from such an expanded product offering.

Distribution: Partnering with Industry Leader

In our view, distribution is critically important. To date, JK has partnered with UberEATS and Foodpanda and benefits from their reach. UberEATS, along with Foodpanda, are the most popular delivery apps in Taiwan. Among residents who said they have used food delivery platforms, the "use rate" and "frequency user rate" for UberEATS was 64% and 32% while Foodpanda was even higher at 74% and 43% respectively. As a point of reference, other Taiwanese platforms including Yo-woo, Foodomo and Lalamove were all under 10%.

While distribution is currently through UberEATS and Foodpanda, the company is also creating its own direct-to-consumer (DTC) site. Greater fulfillment through its own site would reduce costs as well as give JK a greater amount of data on its customers.

Robust Tech Stack

Brick and mortar hub-and-spokes are but one component of a successful strategy. In order to drive efficiencies, successful companies must have a robust tech stack, which JustKitchen does. From its ordering app, loyalty/rewards programs to operations software, inventory management and performance analytics, JK has spent a significant amount of time and capital to build its technology, not only to enable the success of its Taiwanese operations but also to enable it in its expansion plans.

Management: On the Ground with Relevant Experience

JustKitchen is led by co-founder and CEO Mr. Jason Chen. Mr. Chen is based in Taiwan and is the Vice Chairman of Bayshore Pacific Hospitality Limited and is also on the board of directors of Smith & Wollensky Taipei. Bayshore Pacific Hospitality is a restaurant company that is dedicated to bringing popular western dining brand experiences to China. Mr. Chen also has over two decades of experience working in the capital markets and private equity industries.

The management team is augmented by Mr. Kent Wu (COO) who has significant experience in e-commerce & logistics as well as tech stack development. In our view, of particular relevance is Mr. Wu's experience as the founder and CEO of

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the e-commerce grocery platform Milk & Eggs, which was acquired by Grubhub (GRUB – US, NR) in 2019.

JustKitchen's Board of Directors also offers significant capital markets an technology experience. We point, in particular, to Mr. Kai Huang, who co-founded the video game publisher RedOctane, who was the publisher of Guitar Hero, which was later acquired by Activision (ATVI – US, NR) in 2006.

In aggregate, management, the board and employees own 50% of the shares outstanding, which, in our view, totally aligns their interests with shareholders.

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Financial Forecast

As mentioned earlier, the key metrics in our financial model are the number of spokes, the number of daily transactions and the average revenue per order. Using its existing footprint as a guide, we model:

a) Spokes: Exit FY21 with 19 for an average of 9 for the year while exiting FY22 with 30 for an average of 25 and exiting FY23 with 35. All spokes in our model are based in Taiwan.

b) Number of Daily Transactions: While we are modeling 250 daily transactions per spoke, we note that this could increase to 300+ if/when the company increases its operating hours.

c) Average Revenue per Transaction: $15.00

Based on those metrics, our revenue forecast is $12 million for FY21, $33 million for FY22 and $48 million in FY23. Note that there could be an upward bias of ~20% to revenue forecasts if JK increases its spoke hours and experiences 300+ daily transactions.

Based on the experience of its mature spokes, JK is enjoying a 20% segment operating profit margin. As we noted in our analysis of the industry, ghost kitchens can earn significantly higher margins than traditional restaurants because of their lower overheads. The difference between the segment EBITDA of the spokes and reported EBITDA is the corporate overhead, which includes the operations of the hub(s) as well as marketing and which should run at ~$3 million per year. We anticipate strong operating leverage as the company grows its revenue at a much faster rate than its corporate overhead.

Note that our forecast includes Taiwan only. If/when the company expands to other jurisdictions, we would expect to revise our revenue forecasts with an upward bias.

We have summarized our forecast in the table below:

Sept 30: ($000s)	FY21e	FY22e	FY23e
Revenue	12,319	33,534	47,906
EBITDA	-4,768	3,707	6,081

Source: Beacon Securities Ltd

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Peer Group Analysis

JustKitchen is part of the growing global trend of ghost kitchens that focus solely on the delivery market. This is a major secular growth trend that has attracted significant private investments including US-based Kitchen United, backed by Google Ventures and Cloud Kitchens backed by Travis Kalanick (former CEO and founder of Uber). Blackstone (BX – US, NR) has also made a significant investment (€8 billion) to create an Amsterdam-based company called Mileway, which is a pan-European logistics last mile real estate company to support e-commerce based activities such as ghost kitchens.

Despite such activity, there are no publicly traded ghost kitchen companies. Nevertheless, in our opinion, there are two categories of companies who are benefitting from the similar macro trends: Delivery platform companies and online grocery and meal kit companies:

a) *Uber Technologies Inc (UBER-US, NR. US$102 billion market cap):* Uber is a technology company whose services primarily include ride-hailing and, since 2014, food delivery, where it has an estimated 22% market share. UberEATS is one of JK's primary delivery partners in Taiwan. In its last reported quarter (Q4/FY20), UBER reported $3.7 billion in sales, +18% y/y with a adjusted EBITDA ($0.6 billion). Of particular note, Uber's delivery platform saw a 110% y/y increase in its bookings in Q4/FY20 to US$10.1 billion with delivery revenue +224% to US$1.36 billion and a declining EBITDA loss of $0.14 billion. Based on consensus estimates, Uber is expected to generate US$22 billion in sales and US$1.5 billion in EBITDA in FY22 (Dec). Based on a current price of ~US$55.00, UBER trades at 4.8x FY22 sales forecasts and 70x EBITDA.

b) *Door Dash Inc. (DASH-US, NR. US$46 billion market cap):* DASH was founded in California in 2013. Today, it connects 390,000 merchants and over 18 million consumers. In its last reported quarter (Q4/FY20), it reported revenue of $0.97 billion, +255% y/y. Based on consensus estimates, DASH is expected to generate US$4.7 billion in sales and US$0.3 billion in EBITDA in FY22. At a current price of US$143.00, DASH trades at 10.3x FY22 sales forecasts and 162x EBITDA.

c) *Grubhub Inc (GRUB–US, NR. US$6.4 billion market cap):* Founded in Chicago in 2004, GRUB has ~20 million active users and 115,000 associated restaurants. It is in the process of being acquired/merged with European-based Just Eat Takeway.com (TKWY – AMS, NR €13.3 billion market cap). In GRUB's last reported quarter (Q1/FY21), revenue was +52% y/y to reach US$551 million with EBITDA loss of US$9.3 million. Based on consensus estimates, GRUB is being acquired for 2.5x FY22 sales and 21x EBITDA. Meanwhile, TKWY reported y/y revenue growth of 54% in FY20 to €2.4 billion with an EBITDA margin of 10.7%.

d) *Delivery Hero SE (DHER–DE, NR. €33 billion market cap):* Headquartered in Berlin, Germany, DHER was founded in 2011 and in a European-based online food delivery service, partnering with over 500,000 restaurants. It operates primarily under the Foodpanda (JK's other partner in Taiwan) and foodora brands. In its last reported quarter (Q1/FY21), DHER grew its revenue by 115%. Based on consensus estimates, DHER trades at 4.8x FY22 sales forecasts. It is not expected to be EBITDA positive in that year.

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e) _HelloFresh SE (HFG-DEU, NR. €12 billion market cap):_ Headquartered in Berlin, Germany, HFG is a meal-kit company. It is the largest meal-kit provider in the United States. For FY20, HFG's revenue was +100% to ~€3.8 billion. Based on consensus estimates, the company trades at 2x FY22 sales and 15x EBITDA.

f) _Goodfood Market Corp (FOOD – T, NR. $0.6 billion market cap):_ Based in Montreal, Goodfood Market is a Canadian online grocery, home meal and meal kit company. The company has ~300,000 active subscribers and is the leader in the Canadian market. In its last reported results (Q2/FY21), revenue was +71% y/y and the company turned EBITDA positive for the first time. Based on consensus estimates, FOOD trades at 1.3x FY22 sales and 45x EBITDA.

When looking at the above group, there are two things, in our opinion, that stand-out. The first is the incredible revenue growth that all the companies are showing. **The 7 companies noted above had an average growth of 120% in their last reported quarter on a y/y basis**. The second point is that most are not currently EBITDA positive, or are just turning so. We expect JustKitchen to not only demonstrate a similarly strong growth profile but it is also expected to be meaningfully EBITDA positive by FY23.

From a valuation perspective, the group trades at an average FY22 EV/Sales multiple of 4.2x (YE: Dec) broken down to 5.5x for the delivery platforms and 1.7x for the meal kit companies. **Based on our FY23 (YE: Sept) revenue run-rate expectations of $48 million, JustKitchen would trade at $3.00 with at a similar 4x sales multiple.**

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Key Risks

Competition Risk: JustKitchen competes in a very competitive market. Advertising to attract "eyeballs" is therefore a very important component of its business plan. If consumers do not accept its products, sales and margins versus our forecast could be negatively impacted.

Adverse Changes in the Growth Rate of the Industry: The online delivery market has seen significant growth over the past year augmented by the stay-at-home orders during the pandemic. As restrictions start to subside, consumers could return to dining at eat-in restaurants that could result in declining growth rates for the delivery industry. However, we would note that Taiwan was one of the least impacted countries in the world by COVID. As such, we believe the growth of the delivery industry there is more reflective of the overall trend and thus this risk should be mitigated.

Partnership Risk: JustKitchen has partnered with UberEATS and Foodpanda for the platform listing as well as the final fulfillment to the end customer. If such "last mile" delivery partners were to raise prices, this would negatively impact JK's margins. The company is trying to mitigate this risk by developing its own direct-to-consumer sites so that it can control the customer and own all of his associated data.

Balance Sheet Risk: JustKitchen just recently started trading as a public company. Prior to its public listing the company raised ~$12 million. While it anticipates generating sufficient cash flow, it is also in expansion mode, both within Taiwan and aspirations to move into our countries and the company does not have a lot of balance sheet cushion to sustain any material operational issues.

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a) Consumer behaviour in terms of eating habits has changed dramatically over the years. Today, approximately 50% of a family's food budget is spent on food prepared outside the home versus 25% in the 1970s.

b) Of that budget, a greater and greater percentage is being allocated to take-out/delivery versus dining-out/eat-in restaurants. In fact, since 2014, online ordering and delivering has grown 300% faster than dine-in traffic (perhaps not a coincidence that 2014 was the year UberEATS was created) with 60% of US consumers ordering food delivery AT LEAST twice per week.

c) While restaurants have pivoted toward take-out/delivery during the pandemic, they are not operationally structured for such a business with too many overhead costs (ie. dining rooms, staff, high rent). This has given rise to Ghost or Dark kitchens, who are specifically designed for the delivery market.

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e) To date, JK has experienced annualized revenue/spoke of ~$1.4 million with an operating segment profit margin of 20%. As such, if/when the company reaches 35 spokes in Taiwan in next 18 months, it could be on a revenue run-rate of $50 million. International expansion beyond Taiwan would be incremental to that forecast.

f) JK's peer group, which consists of delivery apps as well as online meal kit delivery companies, have grown their revenues by an average of 120% y/y based on their last reported results. The group trades at an average of 5.5x FY22 (YE: Dec) consensus sales forecast. Based on our current FY23 (YE: Sept) revenue-run rate (35 spokes), JK trades at 1.9x.

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As at April 30th, 2021	#Stocks	Distribution
BUY	67	76.1%
Speculative Buy	19	21.6%
Hold	1	1.1%
Sell	0	0.0%
Under Review	1	1.1%
Tender	0	0.0%
Total	88	100%

BUY	Total 12-month return expected to be > 15%
Speculative Buy	Potential 12-month return is high (>15%) but given elevated risk, investment could result in a material loss
Hold	Total 12-month return is expected to be between 0% and 15%
Sell	Total 12-month return is expected to be negative
Under Review	
Tender	Clients are advised to tender their shares to a takeover bid or similar offer

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