

### Tracking in-line across key variables

X2M Connect Limited (ASX:X2M) has updated several key variables in conjunction with its December quarter 4C release. Most key variables were in-line or ahead of RaaS expectations including a cash-flow positive Q2, device growth of 23% on September 2022 to 361k (RaaS 345k), H1 FY23 revenue +96% to \$9.0m (RaaS \$9.2m), cash costs of ~\$4.3m (RaaS \$4.6m) and a cash balance of \$3.05m. Post-month end we estimate a cash balance closer to \$3.5m on receipt of a \$1.3m R&D credit offset by the repayment of a related R&D loan. The installed device growth together with continued investment in the IoT platform (\$2.5m over the past 12 months) augurs well for future SaaS revenue which is the key driver of our valuation longer-term. X2M has performed relatively well against our assessed peer group since June 30, 2022, +13% against an average 30% share price decline for the peer group. We don't expect any material changes to numbers given the above, but will fine tune post the release of the H1 FY23 financial late February.

### Business model

The X2M business model starts with the sale of a hardware device which enables legacy utility meters or sensors to communicate with an Internet-of-Things (IoT) platform. This sale historically has been at a gross margin between 10% and 25%. A monthly SaaS software fee is then charged for each device in the field for the ongoing reading and monitoring of data from the meter, together with a monthly maintenance fee. The average yearly SaaS fee across all regions is currently ~A\$3.40 with a gross margin between 60% and 90%. Additional functionality is being developed and deployed to increase this yearly fee over time. The benefits for utility companies include the detection of leaks, a reduction in manual reading, and increased customer insights, while for end customers improved public safety and overall customer service are key benefits. In some regions a licensing-only model is employed where the customer provides all hardware and marketing and X2M the SaaS services.

### Cash position and cash flow better than expected

X2M finished H1 FY23 with \$3.05m in cash, aided by increased customer deposits, a \$1.0m loan in advance of the expected FY23 R&D claim, and strong revenue growth (+96%). Cash flow from operating activities was positive for Q2 (+\$0.4m), aided by seasonality and elevated customer deposits. Post-year-end net cash has increased ~\$0.5m by our calculations, all else equal, following the receipt of a \$1.3m R&D tax credit offset by the repayment of a related \$0.75m loan. We view customer deposits as a continuing and sustainable source of funding given arrangements in place with a number of South Korean municipalities, taking significant pressure off working capital.

### Valuation of \$0.27/share or \$50m market cap fully diluted

We use a DCF methodology to value X2M given the early stage of market penetration and current loss-making position. The resulting valuation is unchanged at \$0.27/share, with the biggest assumptions being device numbers in the field (including China) reaching 1.6m by FY25 and the recent Australian Energy Management initiative reaching 7.5k housing blocks (or equivalents) per annum by FY25.

#### Historical earnings and RaaS' estimates (in A\$m unless otherwise stated)

Year end	ARR*	Revenue	EBITDA adj.	NPAT adj.	EPS (adj.) (c)	EV/Revenue (x)
06/21a	0.1	5.7	(5.3)	(6.7)	n.m.	n.m.
06/22a	0.6	10.4	(6.6)	(7.9)	(0.057)	1.3
06/23f	2.0	19.3	(4.0)	(5.4)	(0.027)	0.6
06/24f	4.0	30.7	(0.6)	(2.7)	(0.009)	0.6

Source: Proforma for FY21; Actual FY22, RaaS estimates FY23f and FY24f; \*Annual Recurring Revenue; EBITDA, NPAT and EPS adjusted for one-time, non-recurring and non-cash items

### Hardware, Software & Services

31 January 2023

#### Share Details

ASX code	X2M
Share price (30-Jan)	\$0.095
Market capitalisation	\$17.7M
Shares on issue	186.7M
Cash at 31-Dec-22	\$3.05M
Free float	~60%

#### Share Performance (12-months)



#### Upside Case

- Market consolidation, particularly in South Korea
- New module/functionality offering higher SaaS fees
- Favourable SaaS pricing deal in China

#### Downside Case

- Continued SaaS pricing pressures
- Limited uptake of new functionality
- Access to funding

#### Company Interview

[X2M Connect RaaS 2023 Outlook Interview 16 January 2023](#)

#### Board of Directors

Alan Stockdale	Non-Executive Chair
Jodie Leonard	Non-Executive Director
Damien Johnston	Non-Executive Director
John Stewart	Non-Executive Director

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## Q2/H1 FY23 Trading Update

Our key take aways from the 2022 December quarter/half year trading update and 4C release include:

- H1 FY23 revenue +96% to \$9.0m against a RaaS estimate of \$9.2m. Ex-China, revenue would have been above expectations, impacted by Covid-related lockdowns;
- H1 FY23 cash receipts +71% to \$11.1m, with receipts higher than revenue due to customer deposits/prepayments, mainly from South Korean municipalities;
- Connected devices +23% on September 2022 at 361k against RaaS estimates of 345k, and +99% on the pcp;
- The number of enterprise clients now totals 58, up 38% on the pcp;
- ARR for December 2022 of \$1.1m, up from \$0.9m in September 2022. ARR will continue to grow (with a lag) on the back of connected device growth;
- Operating cash burn of \$0.96m for the half, but including a cash-flow positive \$0.4m in Q2 FY23, aided by seasonality and higher customer deposits;
- Continued spend on software development in the form of ‘intellectual property’. IP spend has been elevated for four quarters now and is important for new product development;
- Cash at bank of \$3.05m, and closer to \$3.5m in early January following the receipt of the FY22 R&D tax claim (\$1.3m) offset by the repayment of an associated \$0.75m loan; and
- \$1.0m in debt relating to a loan against the expected FY23 R&D tax credit, which would be due for payment early CY24.

### Exhibit 1: X2M quarterly cash-flow summary (in A\$m unless otherwise stated)

Line item (\$'000)	Q2 FY22a	Q3 FY22a	Q4 FY22a	Q1 FY23a	Q2 FY23a
<b>Cash receipts</b>	<b>5,027</b>	<b>1,483</b>	<b>4,122</b>	<b>3,971</b>	<b>7,117</b>
% growth on pcp				176	42
<b>Outgoings</b>	<b>6,481</b>	<b>3,470</b>	<b>5,166</b>	<b>5,394</b>	<b>6,728</b>
Cost of services sold/commissions	2,712	1,667	3,233	3,216	4,587
Staff and admin	3,486	1,477	1,859	1,866	2,074
Marketing/R&D/other	607	326	156	377	67
R&D rebate/govt grants	324	0	82	65	0
<b>Net cash from operating activities</b>	<b>(1,130)</b>	<b>(1,987)</b>	<b>(962)</b>	<b>(1,358)</b>	<b>389</b>
Equity issues	0	0	0	3,675	0
Repayment of borrowings	783	82	(535)	(218)	(1,000)
Other	642	108	197	194	546
Intellectual property	(37)	647	636	650	574
<b>Net cash from investing activities</b>	<b>(1,388)</b>	<b>(837)</b>	<b>(298)</b>	<b>3,049</b>	<b>(120)</b>
<b>Cash at the end of the period</b>	<b>5,121</b>	<b>2,241</b>	<b>1,020</b>	<b>2,728</b>	<b>3,050</b>
<b>Connected devices</b>	<b>181,500</b>	<b>196,037</b>	<b>245,265</b>	<b>292,806</b>	<b>361,345</b>

Source: Company announcements

## X2M Contract Update

The table below summarises recent contract announcements, which provide good transparency and are more recently dominated by contracts from South Korean municipalities. Covid lockdowns have slowed momentum in China but a new contract in December 2022 suggests supply chain impacts are easing.

<b>Exhibit 2: Key contract financials from recent announcements</b>					
Date	Value (A\$m)	Nature	Region	Units	Price/unit or bundle/year (A\$)
Oct-21	1.50	Hardware bundle*	South Korea	9,377	160
Nov-21	2.60	Hardware bundle*	South Korea	20,278	128
Dec-21	0.70	Hardware	China	n.a.	n.a.
Jan-22	1.00	Three-year SaaS/maintenance	South Korea	26,000	13
Mar-22	1.00	Hardware	China	n.a.	n.a.
Mar-22	0.85	Hardware bundle*	South Korea	5,360	159
May-22	1.25	Hardware bundle*	South Korea	10,387	120
Jun-22	1.00	Hardware	China	n.a.	n.a.
Jun-22	1.34	Hardware	China	22,000	61
Jun-22	0.66	Hardware bundle*	South Korea	7,777	85
Jun-22	0.60	Hardware bundle*	South Korea	4,000	150
Jul-22	1.60	Hardware bundle*	South Korea	11,000	145
Jul-22	1.25	Hardware bundle*	South Korea	9,754	128
Jul-22	0.70	Hardware bundle*	South Korea	3,252	215
Aug-22	1.13	Hardware bundle	South Korea	4,280	264
Oct-22	1.40	Hardware bundle*	South Korea	8,600	163
Dec-22	0.50	Bundle	South Korea	2,850	175
Dec-22	0.50	Hardware	China	5,000	100

Source: Company announcements; \*Bundles include 12 months' SaaS fees

A summary of RaaS regional assumptions in terms of device sales, Total Addressable Markets (TAM) and revenue for FY23 is presented in the table below. As a general comment South Korea and China dominate revenue assumptions, while forecast devices on the ground by June 2023 remain low in terms of estimated total market penetration.

<b>Exhibit 3: X2M summary by region (FY23)</b>					
Variable	South Korea	Japan	Taiwan	China	Australia
Monitoring type	Water	Gas bottle	Gas	Water	Energy mgt
Est. devices @ June 2023	167,500	252,000	17,920	187,705	500
Est. TAM	3,000,000	7,200,000	552,000	9,100,000	40,000
Est. TAM penetration %	5.6	3.5	3.2	n.m.	1.3
Hardware sales	Yes	No	Yes	Yes	Yes
Software sales	Yes	Yes	Yes	No	Yes
Est. FY23 revenue (\$m)	10.02	0.50	0.76	7.09	0.66
(% X2M total)	53	3	4	37	3

Source: RaaS Advisory estimates

## Investment Case Revisited

While the core X2M IoT platform technology is “mature”, having primarily been in development since ~2012, the commercial rollout is accelerating, promising a narrowing of losses near-term and ultimately “sticky” profitability long-term, driven by the following factors:

- The previous ownership structure had disputing shareholders, was sub-scale and ultimately under-resourced financially.

The new corporate structure has cleared key debts and provided funding for an acceleration in customer numbers and units in the field, with cumulative device numbers up from ~64k in H1 FY21 to 361k in December 2022. Contracts signed imply a number closer to 437k by June 2023 by RaaS estimates.

- Device sales ultimately drive recurring SaaS revenue and are, therefore, an important driver for long-term shareholder value as these sales are delivered at a much higher margin than the initial hardware sale and require less marketing support.
- The benefits of remote smart metering are maximised when a client is “all-in” in terms of the number of their customers being digitally measured and analysed. Based on X2M’s current penetration relative to a client’s TAM, there is significant upside across key regions. In South Korea, for example, we estimate X2M has penetrated only ~4.4% of its clients’ TAM in that country, while in Japan the number is estimated at 2.0%. Our FY25 estimates still imply modest penetration rates of 17% and 8% respectively relative to our estimated TAM in these regions.
- While existing SaaS fees are relatively low by SaaS standards, new product development promises additional functionality and, therefore, additional fees on the already installed device base.
- The group’s cost base is built for growth, and as a result we expect modest cost growth relative to both revenue and gross profit, resulting in significant operating leverage. Our FY23 forecasts, as an example, imply 86% revenue growth, 140% gross profit growth and only 12% operating cost growth.
- X2M products offer ESG benefits for both clients and their customers with respect to lower carbon footprints and direct energy cost savings, increasing their attractiveness in the current environment.
- Our DCF valuation of \$0.27/share fully diluted for the recent equity raise implies >200% upside to the current share price.

### Exhibit 4: X2M Financial Summary

X2M Connect Limited (ASX:X2M)						Share price (30 January 2023)						A\$	0.095
<b>Profit and Loss (A\$m)</b>						<b>Interim (A\$m)</b>							
<b>Y/E 30 Jun</b>	<b>FY21A</b>	<b>FY22A</b>	<b>FY23F</b>	<b>FY24F</b>	<b>FY25F</b>	<b>H121A</b>	<b>H221A</b>	<b>H122A</b>	<b>H222A</b>	<b>H123F</b>	<b>H223F</b>		
Revenue	5.7	10.4	19.3	30.7	50.0	3.2	2.5	4.6	5.8	9.3	10.0		
Gross profit	1.6	2.3	5.5	10.1	17.4	(1.8)	(3.5)	(3.2)	(3.4)	(2.0)	(2.0)		
GP margin %	28.5%	22.3%	28.7%	32.9%	34.9%	(2.4)	(4.1)	(3.8)	(3.5)	(2.2)	(2.4)		
EBITDA	(5.3)	(6.6)	(4.0)	(0.6)	5.4	(2.3)	(3.7)	(3.7)	(3.4)	(2.0)	(2.0)		
Depn	(0.9)	(0.6)	(0.2)	(0.2)	(0.2)	0.2	(2.3)	(2.6)	(0.2)	(0.2)	(0.4)		
Amort	(0.3)	(0.3)	(0.6)	(0.9)	(0.9)	(2.2)	(5.9)	(6.4)	(3.5)	(2.2)	(2.4)		
EBIT	(6.5)	(7.5)	(4.8)	(1.7)	4.3								
Interest expense	(0.2)	(0.1)	(0.0)	(0.0)	(0.0)	nm	nm	(0.028)	(0.025)	(0.011)	(0.011)		
Tax	0.3	(0.0)	0.0	0.0	0.0	0.000	0.000	0.000	0.000	0.000	0.000		
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	na	na	na	na	na	na		
<b>NPATA pre sign. items</b>	<b>(6.7)</b>	<b>(7.9)</b>	<b>(5.4)</b>	<b>(2.7)</b>	<b>3.3</b>	<b>Operating cash flow</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>		
Adjustments	(2.1)	(2.8)	(0.6)	(0.9)	(0.9)	<b>Free Cash flow</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>		
<b>NPAT (reported)</b>	<b>(9.1)</b>	<b>(11.1)</b>	<b>(6.6)</b>	<b>(4.5)</b>	<b>1.4</b>	<b>Divisonals</b>	<b>H121A</b>	<b>H221A</b>	<b>H122A</b>	<b>H222A</b>	<b>H123F</b>	<b>H223F</b>	
<b>Cash flow (A\$m)</b>						<b>Revenue</b>	<b>3.2</b>	<b>2.5</b>	<b>4.6</b>	<b>5.8</b>	<b>9.3</b>	<b>10.0</b>	
<b>Y/E 30 Jun</b>	<b>FY21A</b>	<b>FY22A</b>	<b>FY23F</b>	<b>FY24F</b>	<b>FY25F</b>	<b>Hardware</b>	<b>2.5</b>	<b>1.8</b>	<b>3.9</b>	<b>5.4</b>	<b>8.1</b>	<b>8.5</b>	
Adj EBITDA	(5.4)	(6.7)	(4.1)	(0.8)	5.3	<b>Subscription/other</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.4</b>	<b>1.2</b>	<b>1.5</b>	
Interest	0.2	0.1	0.0	0.0	0.0	<b>Gross profit</b>	<b>1.0</b>	<b>0.6</b>	<b>0.9</b>	<b>1.4</b>	<b>2.6</b>	<b>2.9</b>	
Tax	0.5	0.4	1.3	1.2	0.0	<b>Gross Profit Margin %</b>	<b>31.6%</b>	<b>24.6%</b>	<b>20.4%</b>	<b>23.8%</b>	<b>28.1%</b>	<b>29.3%</b>	
Working capital/other	1.8	0.2	0.5	(0.4)	(1.0)	<b>Employee</b>	<b>2.2</b>	<b>2.4</b>	<b>2.5</b>	<b>2.7</b>	<b>2.8</b>	<b>3.0</b>	
<b>Operating cash flow</b>	<b>(2.9)</b>	<b>(6.1)</b>	<b>(2.3)</b>	<b>0.0</b>	<b>4.3</b>	<b>Professional fees</b>	<b>0.3</b>	<b>0.6</b>	<b>0.6</b>	<b>0.8</b>	<b>0.7</b>	<b>0.9</b>	
Mtce capex	0.0	(0.0)	(0.0)	(0.1)	(0.1)	<b>Other</b>	<b>0.3</b>	<b>1.1</b>	<b>1.0</b>	<b>1.3</b>	<b>1.1</b>	<b>1.1</b>	
Capitalised Software	(0.8)	(1.7)	(2.1)	(1.5)	(1.2)	<b>Total costs (ex SBP/1-time)</b>	<b>2.8</b>	<b>4.1</b>	<b>4.1</b>	<b>4.7</b>	<b>4.6</b>	<b>4.9</b>	
<b>Free cash flow</b>	<b>(3.7)</b>	<b>(7.8)</b>	<b>(4.4)</b>	<b>(1.5)</b>	<b>3.0</b>	<b>EBITDA</b>	<b>(1.8)</b>	<b>(3.5)</b>	<b>(3.2)</b>	<b>(3.4)</b>	<b>(2.0)</b>	<b>(2.0)</b>	
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	<b>EBITDA margin %</b>	<b>(240%)</b>	<b>(494%)</b>	<b>(443%)</b>	<b>(790%)</b>	<b>(168%)</b>	<b>(129%)</b>	
Other	(0.1)	0.1	0.0	0.0	0.0	<b>Margins, Leverage, Returns</b>							
Cash flow pre financing	(3.8)	(7.6)	(4.4)	(1.5)	3.0	<b>FY21A</b>	<b>FY22A</b>	<b>FY23F</b>	<b>FY24F</b>	<b>FY25F</b>			
Equity	2.0	7.3	3.8	2.2	0.0	<b>EBITDA margin %</b>	<b>(92.3%)</b>	<b>-63.2%</b>	<b>-20.7%</b>	<b>-2.0%</b>	<b>10.9%</b>		
Other	0.7	(1.4)	0.5	0.0	(1.0)	<b>EBIT margin %</b>	<b>(114.1%)</b>	<b>-72.3%</b>	<b>-24.8%</b>	<b>-5.7%</b>	<b>8.6%</b>		
Net Dividends paid	0.0	0.0	0.0	0.0	0.0	<b>NPAT margin (pre significant items)</b>	<b>(116.9%)</b>	<b>-76.5%</b>	<b>-28.0%</b>	<b>-8.7%</b>	<b>6.6%</b>		
<b>Net change in cash</b>	<b>(1.1)</b>	<b>(1.8)</b>	<b>(0.2)</b>	<b>0.7</b>	<b>2.0</b>	<b>Net Debt (Cash)</b>	<b>0.46</b>	<b>- 0.46</b>	<b>0.28</b>	<b>- 0.42</b>	<b>- 3.42</b>		
<b>Balance sheet (A\$m)</b>						<b>Net debt/EBITDA (x)</b>	<b>(x)</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	
<b>Y/E 30 Jun</b>	<b>FY21A</b>	<b>FY22A</b>	<b>FY23F</b>	<b>FY24F</b>	<b>FY25F</b>	<b>ND/ND+Equity (%)</b>	<b>(%)</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	
Cash	2.0	1.0	0.8	1.5	3.5	<b>EBIT interest cover (x)</b>	<b>(x)</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	
Accounts receivable	0.2	0.2	0.5	1.0	1.8	<b>ROA</b>		<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>(17.0%)</b>	<b>31.2%</b>	
Inventory	0.1	0.1	0.3	0.4	0.6	<b>ROE</b>		<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>#####</b>	<b>38.8%</b>	
Other current assets	1.7	2.9	2.1	2.1	2.1	<b>NTA (per share)</b>							
<b>Total current assets</b>	<b>4.0</b>	<b>4.2</b>	<b>3.7</b>	<b>5.0</b>	<b>8.0</b>	<b>Working capital</b>		<b>-1.8</b>	<b>-1.9</b>	<b>-1.9</b>	<b>-1.5</b>	<b>-0.5</b>	
PPE	0.6	0.6	0.6	0.6	0.6	<b>WC/Sales (%)</b>		<b>(30.9%)</b>	<b>(17.9%)</b>	<b>(9.7%)</b>	<b>(4.8%)</b>	<b>(0.9%)</b>	
Capitalised Software	2.2	3.1	4.6	5.2	5.5	<b>Revenue growth</b>		<b>nm</b>	<b>82.2%</b>	<b>86.1%</b>	<b>58.8%</b>	<b>62.8%</b>	
Goodwill	0.0	0.0	0.0	0.0	0.0	<b>EBIT growth pa</b>		<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>(346.4%)</b>	
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	<b>Pricing</b>		<b>FY21A</b>	<b>FY22A</b>	<b>FY23F</b>	<b>FY24F</b>	<b>FY25F</b>	
Other non current assets	0.1	0.2	0.4	0.4	2.3	<b>No of shares (y/e)</b>	<b>(m)</b>	<b>-</b>	<b>133</b>	<b>179</b>	<b>201</b>	<b>201</b>	
<b>Total non current assets</b>	<b>3.0</b>	<b>3.9</b>	<b>5.6</b>	<b>6.2</b>	<b>8.3</b>	<b>Weighted Av Dil Shares</b>	<b>(m)</b>	<b>-</b>	<b>133</b>	<b>179</b>	<b>201</b>	<b>201</b>	
<b>Total Assets</b>	<b>6.9</b>	<b>8.2</b>	<b>9.3</b>	<b>11.2</b>	<b>16.3</b>	<b>EPS Reported</b>	<b>A\$ cps</b>	<b>nm</b>	<b>(0.0807)</b>	<b>(0.0334)</b>	<b>(0.0177)</b>	<b>0.0118</b>	
Accounts payable	2.0	2.2	2.7	2.9	2.8	<b>EPS Normalised/Diluted</b>	<b>A\$ cps</b>	<b>nm</b>	<b>(0.0572)</b>	<b>(0.0270)</b>	<b>(0.0087)</b>	<b>0.0212</b>	
Contract liabilities	1.1	2.2	3.6	4.4	6.8	<b>EPS growth (norm/dil)</b>		<b>nm</b>	<b>nm</b>	<b>-53%</b>	<b>-68%</b>	<b>-342%</b>	
Borrowings	2.4	0.6	1.1	1.1	0.1	<b>DPS</b>	<b>cps</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	
Other	0.9	1.0	1.0	2.0	2.2	<b>DPS Growth</b>		<b>n/a</b>	<b>n/a</b>	<b>na</b>	<b>na</b>	<b>na</b>	
<b>Total current liabilities</b>	<b>6.4</b>	<b>6.0</b>	<b>8.3</b>	<b>10.3</b>	<b>11.9</b>	<b>Dividend yield</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	
Lease liabilities	0.1	0.3	0.3	0.3	0.3	<b>Dividend imputation</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employee benefits	0.2	0.3	0.3	0.4	0.4	<b>PE (x)</b>		<b>nm</b>	<b>- 1.7</b>	<b>- 3.5</b>	<b>- 10.9</b>	<b>4.5</b>	
<b>Total long term liabilities</b>	<b>0.4</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>PE market</b>		<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	
<b>Total Liabilities</b>	<b>6.8</b>	<b>6.6</b>	<b>8.9</b>	<b>11.0</b>	<b>12.6</b>	<b>Premium/(discount)</b>		<b>nm</b>	<b>(111.1%)</b>	<b>(123.4%)</b>	<b>(172.4%)</b>	<b>(70.1%)</b>	
<b>Net Assets</b>	<b>0.2</b>	<b>1.6</b>	<b>0.3</b>	<b>0.1</b>	<b>3.7</b>	<b>EV/EBITDA (x)</b>		<b>nm</b>	<b>(2.0)</b>	<b>(3.0)</b>	<b>(28.1)</b>	<b>3.4</b>	
Share capital	9.4	19.3	23.3	25.5	25.5	<b>FCF/Share</b>	<b>A cps</b>	<b>nm</b>	<b>(0.060)</b>	<b>(0.025)</b>	<b>(0.008)</b>	<b>0.015</b>	
Reserves	0.4	2.1	2.1	2.1	2.1	<b>Price/FCF share</b>		<b>nm</b>	<b>(1.6)</b>	<b>(3.8)</b>	<b>(12.3)</b>	<b>6.3</b>	
Accumulated losses	(9.6)	(19.9)	(25.1)	(27.5)	(24.0)	<b>Free Cash flow Yield</b>		<b>nm</b>	<b>(45.2%)</b>	<b>(25.4%)</b>	<b>(8.7%)</b>	<b>17.0%</b>	
Other	0.0	0.0	0.0	0.0	0.0								
<b>Total Shareholder funds</b>	<b>0.2</b>	<b>1.6</b>	<b>0.3</b>	<b>0.1</b>	<b>3.7</b>								

Source: Company data for actuals, RaaS estimates

# FINANCIAL SERVICES GUIDE

**RaaS Advisory Pty Ltd**

**ABN 99 614 783 363**

**Corporate Authorised Representative, number 1248415**

**of**

**BR SECURITIES AUSTRALIA PTY LTD**

**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 6<sup>th</sup> May 2021**

### About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License (“AFSL”) number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS’s services and includes such things as

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

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RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

**What Financial Services are we authorised to provide?** RaaS is authorised to

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

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If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR’s internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren’t satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

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