

### Q4 cash collection hit by short-term delays

Pointerra Ltd (ASX:3DP) provides a powerful cloud-based solution (Pointerra3D) for managing, visualising, analysing, using and sharing massive 3D point clouds and datasets. Pointerra3D is a proprietary digital twin SaaS platform which delivers predictive digital insights and definitive answers to complex physical asset management questions. The Pointerra3D suite of solutions spans target sectors including survey and mapping; architecture, engineering and construction (AEC); utilities; transport; resources and defence and intelligence. Pointerra has delivered a lower than forecast Q4 with an operating cash loss of \$1.79m due to delays in invoicing and receiving cash receipts in the quarter. Cash receipts were \$0.78m, down on the \$3.26m March quarter and lower than the \$1.66m in the previous corresponding period (pcp). Pointerra ended Q4 with net cash of \$1.49m. The company noted it experienced short-term US customer programme delays in Q4 which impacted invoicing and cash collection. Pointerra highlighted that in July, the first month of Q1 FY24, it had collected \$1.8m in cash receipts and that the negative Q4 cashflow was expected to turn positive in Q1 FY24 and beyond. Pointerra also highlighted that its Australian large enterprise customer renewals were now complete and that the recently announced (July 28) new US 10-year grid and hardening capex programme would positively impact FY24 and future years. As we highlighted in our report of [July 28, 2023](#), revenue generated by this programme is expected to more than underpin our current forecasts for the next two years. Our base case valuation remains at \$0.40/share and is predicated on US\$50m ACV by FY26 end.

### Business model

Pointerra's patented, cloud-deployed technology and AI-driven algorithms create digital wins of physical assets, solving a long-standing problem of efficiently, effectively, and rapidly converting massive 3D datasets into analytics and insights to provide definitive answers. The Pointerra3D product has three key components each with different features and capabilities: Core, Analytics and Answers. Core provides the processing, storage and sharing, visualisation and management of data, Analytics creates the digital twin for the physical world, analyses and classifies the data, while Answers creates predictive insights and delivers business intelligence, risk mitigation and ESG improvement suggestions to users. The platform has also developed and is deploying a new innovative Quick Load pole engineering tool which has extended Pointerra3D's power distribution analytics capability into the grid resilience and hardening programmes being undertaken by a number of its US utility clients. These programmes are multi-year and multi-billion-dollar undertakings with Pointerra3D at the front-end of identification, predicting and engineering the work programme.

### Reversing the customer delays of previous quarters

Pointerra reported Q4 FY23 cash receipts of \$0.78m, down 53% on the pcp and a 73% decline on Q3. Costs for the quarter also declined, falling 12% on the pcp and 6% on Q3 despite a small increase in employee costs. Cash at the end of the quarter was \$1.49m. The company noted that the quarter was impacted by short-term delays in US customer programmes which stalled invoicing and cash collection and highlighted that it had collected \$1.8m in cash receipts in July, putting it on track to potentially surpass the record Q1 FY23 cash collections of \$3.4m. The result suggests that the company has not met our FY23 revenue forecasts, however we remain comfortable that our FY24 and FY25 forecasts will be underpinned by the new US 10-year grid and hardening capex programme.

### Base-case DCF valuation is \$0.40/share

We use the discounted cashflow methodology to value Pointerra, using a WACC of 16.0% and terminal growth rate of 2.2%, and this derives a base-case valuation of \$0.40/share. Our valuation is predicated on ACV surpassing US\$50m by the end of FY26.

#### Historical earnings and RaaS forecasts (In \$A unless otherwise stated)

Year end	ACV <sup>A</sup> (US\$m)	Revenue	Gross Profit	EBITDA Adj.	NPAT Adj.	EPS (c)	EV/Sales (x)	EV/EBITDA (x)
06/22a	18.2	9.8	8.9	0.0	0.0	0.00	10.4	nm
06/23f	23.6	11.1	10.1	(3.7)	(3.8)	(0.56)	9.1	nm
06/24f	31.5	19.5	17.7	2.8	1.9	0.21	5.0	34.2
06/25f	41.0	29.2	26.6	6.5	4.5	0.66	3.2	14.6

Source: Company data for historical earnings; RaaS estimates for FY23f-FY24f; <sup>A</sup>Annual Contract Value

### Software & Services

4 August 2023

#### Share Details

ASX code	3DP
Share price (3-Aug)	\$0.155
Market capitalisation	\$105.1M
Shares on issue	677.8M
Net cash 30-Jun-2023	\$1.5M

#### Share Performance (12 months)



#### Upside Case

- Highly scalable business model
- Proven track record with Florida Power & Light is opening up new opportunities in US
- Substantial growth opportunities in US market

#### Downside Case

- Long enterprise sales cycle taking 9-12 months
- Competing with multinationals for business
- Enterprise customers can be slow to pay

#### Catalysts

- Demonstrated substantial growth in ACV
- Additional wins with US and Australian clients
- Development of data marketplace

#### Board of Directors

Neville Bassett	Non-Executive Chairman
Paul Farrell	Non-Executive Director
Ian Olson	Managing Director/CEO

#### Company Contact

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#### RaaS Contact

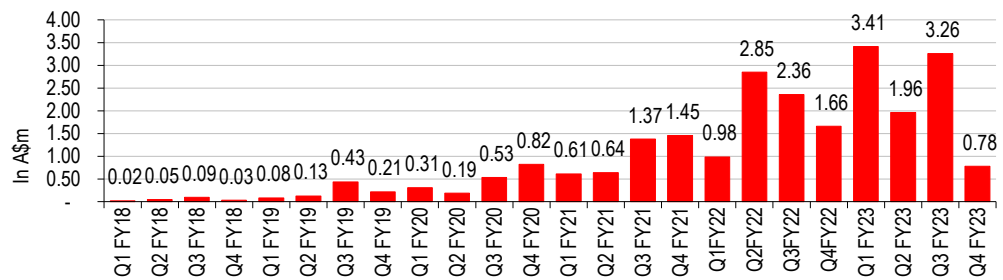
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\*Analyst holds shares

## Q4 FY23 Results Discussion

Quarterly cash receipts were \$0.78m, down 76% on Q3 FY23 and 53% on Q4 FY22. The company reported cash receipts of \$9.4m for FY23, compared with \$7.8m in FY22, which was below our forecasts. Costs were also lower than forecast and down on both the prior quarter and pcp. Costs declined 6% on Q3 and 12% on the pcp. The company noted that US customer programme delays, which also plagued its Q2 results, were to blame for the lower cash receipts, impacting Q4 invoicing and cash collection.

**Exhibit 1: Quarterly cash receipts Q1 FY18-Q4FY23**



Source: Company reports

Pointerra posted an operating cash loss of \$1.79m in Q4 and ended the year with net cash of \$1.49m. The company expects to revert to cashflow positive in the current quarter and beyond, noting that it had collected \$1.8m in July. This puts the company on track to potentially exceed the record \$3.4m in cash receipts it reported in Q1 FY23. Pointerra noted that the core business operation continues to self-fund organic growth across the business in both the US and Australia. We will adjust our FY23 forecasts following the release of the audited results later this month but expect to maintain our FY24 forecasts based on the grid hardening programme being undertaken by the US energy client.

**Exhibit 2: Q3 FY23 versus Q3 FY22 and Q2 FY23**

In A\$m unless otherwise stated	Q4 FY22	Q3 FY23	Q4 FY23
Cash receipts	1.661	3.256	0.782
Product manufacturing and operating costs	(0.244)	(0.260)	(0.345)
Employee costs	(1.232)	(1.033)	(1.189)
Admin and other costs	(1.450)	(1.438)	(1.028)
Net interest	(0.007)	0.002	(0.011)
Tax	-	-	-
Other	(0.115)	0.004	-
<b>Operating cashflow</b>	<b>(1.387)</b>	<b>0.531</b>	<b>(1.791)</b>
Free cashflow	(1.419)	0.520	(1.796)
<b>Cash at the end of the period</b>	<b>3.744</b>	<b>3.272</b>	<b>1.491</b>

Source: Company data, RaaS estimates

### Exhibit 3: Financial Summary

Pointerra Ltd						Share price (3 August 2023)						A\$	0.16				
Profit and Loss (A\$m)						Interim (A\$m)						H122A	H222A	H123A	H223F	H124F	H224F
Y/E 30 June	FY21A	FY22A	FY23F	FY24F	FY25F	Annual contract revenue (US\$m)	14.4	18.2	20.2	23.6	27.4	31.5					
Annual contract value (US\$m)	9.8	18.2	23.6	31.5	41.0	Total Revenue	3.2	7.4	4.1	7.5	8.5	11.0					
Sales Revenue	4.0	9.8	11.1	19.5	29.2	EBITDA	(1.2)	1.2	(3.5)	(0.3)	0.5	2.3					
Total Revenue	4.6	10.7	11.6	19.5	29.2	EBIT	(1.3)	1.0	(3.6)	(0.3)	0.5	2.3					
Gross Profit	3.7	8.9	10.1	17.7	26.6	NPAT (normalised)	(1.3)	1.3	(3.6)	(0.2)	0.3	1.6					
EBITDA Adjusted	(1.1)	0.0	(3.7)	2.8	6.5	Minorities	-	-	-	-	-	-					
Depn	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	NPAT (reported)	(2.3)	(0.4)	(3.2)	(0.2)	0.3	1.6					
Amort	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	EPS (normalised)	(0.20)	0.20	(0.52)	(0.03)	0.05	0.24					
EBIT Adjusted	(1.3)	(0.3)	(3.8)	2.8	6.4	EPS (reported)	(0.35)	(0.04)	(0.47)	(0.03)	0.05	0.24					
Interest	0.0	0.0	(0.0)	(0.0)	(0.0)	Dividend (cps)	-	-	-	-	-	-					
Tax	0.0	0.3	0.1	(0.8)	(1.9)	Imputation	-	-	-	-	-	-					
Minorities	0.0	0.0	0.0	0.0	0.0	Operating cash flow	(0.1)	(1.3)	(0.9)	0.7	3.7	1.2					
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Free Cash flow	0.0	(1.2)	(0.9)	0.7	3.7	1.2					
NPAT pre significant items	(1.2)	0.0	(3.8)	1.9	4.5	<b>Divisions</b>	<b>H122A</b>	<b>H222A</b>	<b>H123A</b>	<b>H223F</b>	<b>H124F</b>	<b>H224F</b>					
Significant items	(0.2)	(2.7)	0.0	0.0	0.0	Contract revenue	3.2	6.6	3.8	7.3	8.5	11.0					
NPAT (reported)	(1.5)	(2.7)	(3.8)	1.9	4.5	R&D grants	0.1	0.8	0.2	0.2	0.0	0.0					
<b>Cash flow (A\$m)</b>						<b>Total Revenue</b>	<b>3.2</b>	<b>7.4</b>	<b>4.1</b>	<b>7.5</b>	<b>8.5</b>	<b>11.0</b>					
Y/E 30 June	FY21A	FY22A	FY23F	FY24F	FY25F	COGS	0.5	0.5	0.4	0.7	0.8	1.0					
EBITDA	(1.1)	0.0	(3.7)	2.8	6.5	<b>Gross Profit</b>	<b>2.8</b>	<b>7.0</b>	<b>3.7</b>	<b>6.9</b>	<b>7.7</b>	<b>10.0</b>					
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	R&D costs	(0.3)	(0.4)	(0.3)	(0.4)	(0.3)	(0.5)					
Tax	0.0	0.0	0.0	(0.8)	(1.9)	Employment	(2.6)	(3.2)	(3.8)	(4.0)	(4.1)	(4.3)					
Working capital changes	0.9	(1.4)	3.5	2.8	(2.3)	General & Admin costs	(0.7)	(1.0)	(2.8)	(2.5)	(2.5)	(2.6)					
Operating cash flow	(0.3)	(1.4)	(0.2)	4.8	2.2	Other costs	(0.3)	(1.1)	(0.3)	(0.3)	(0.3)	(0.3)					
Mtce capex	(0.1)	(0.2)	(0.0)	(0.0)	(0.0)	EBITDA	(1.2)	1.2	(3.5)	(0.3)	0.5	2.3					
Free cash flow	(0.4)	(1.6)	(0.3)	4.8	2.2	<b>Margins, Leverage, Returns</b>		<b>FY21A</b>	<b>FY22A</b>	<b>FY23F</b>	<b>FY24F</b>	<b>FY25F</b>					
Growth capex	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	EBITDA		(28.9%)	0.3%	(34.4%)	14.6%	22.2%					
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBIT		(32.0%)	(3.1%)	(34.5%)	14.3%	22.0%					
Other	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items		(31.0%)	0.1%	(33.8%)	10.0%	15.4%					
Cash flow pre financing	(0.4)	(1.6)	(0.3)	4.7	2.1	Net Debt (Cash)		4.8	3.2	3.1	7.8	9.9					
Equity	3.3	0.0	0.0	0.0	0.0	Net debt/EBITDA (x)	(x)	n/a	126.1	n/a	2.8	1.5					
Debt	0.0	0.0	(0.0)	0.0	0.0	ND/ND+Equity (%)	(%)	2389.2%	(7884.3%)	87.2%	123.6%	251.7%					
Dividends paid	0.0	0.0	0.0	0.0	0.0	EBIT interest cover (x)	(x)	n/a	n/a	n/a	0.0	0.0					
Net cash flow for year	2.9	(1.6)	(0.3)	4.7	2.1	ROA		(21.4%)	(3.8%)	(52.6%)	26.6%	39.4%					
<b>Balance sheet (A\$m)</b>						ROE		(50.7%)	(67.4%)	(265.0%)	371.9%	120.2%					
Y/E 30 June	FY21A	FY22A	FY23F	FY24F	FY25F	ROIC		(75.9%)	32.7%	92.2%	(57.3%)	(183.4%)					
Cash	5.2	3.6	3.4	8.1	10.3	NTA (per share)		0.00	0.00	n/a	0.00	0.01					
Accounts receivable	1.1	3.5	3.0	5.2	7.8	<b>Working capital</b>		(0.7)	1.3	(0.6)	1.4	2.6					
Inventories	0.0	0.0	0.0	0.0	0.0	<b>WC/Sales (%)</b>		(16.5%)	13.0%	(4.9%)	7.0%	8.8%					
Other current assets	0.0	0.0	0.0	0.0	0.0	<b>Revenue growth</b>		224.4%	146.0%	13.6%	74.9%	50.1%					
Total current assets	6.2	7.1	6.4	13.4	18.1	EBIT growth pa		n/a	n/a	n/a	(172.4%)	131.1%					
PPE	0.2	0.2	0.1	0.1	0.1	<b>Pricing</b>		<b>FY21A</b>	<b>FY22A</b>	<b>FY23F</b>	<b>FY24F</b>	<b>FY25F</b>					
Intangibles and Goodwill	1.6	0.1	0.1	0.1	0.1	No of shares (y/e)	(m)	678	678	678	678	678					
Investments	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares	(m)	640	678	678	678	678					
Deferred tax asset	0.0	0.0	0.1	0.1	0.1	EPS Reported	cps	(0.2)	(0.4)	(0.5)	0.2	0.7					
Other non current assets	0.3	0.3	0.3	0.3	0.3	EPS Normalised/Diluted	cps	(0.2)	0.0	(0.6)	0.2	0.7					
Total non current assets	2.1	0.5	0.6	0.6	0.6	EPS growth (norm/dil)		n/a	(100.5%)	n/a	(137.0%)	222.9%					
<b>Total Assets</b>	<b>8.4</b>	<b>7.7</b>	<b>7.0</b>	<b>14.0</b>	<b>18.7</b>	DPS	cps	-	-	-	-	-					
Accounts payable	1.7	2.2	3.5	3.8	5.2	DPS Growth		n/a	n/a	n/a	n/a	n/a					
Short term debt	0.1	0.1	0.1	0.1	0.1	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%					
Tax payable	0.0	0.0	0.0	0.0	0.0	Dividend imputation		0	0	0	0	0					
Deferred revenue	1.4	1.7	3.5	8.2	7.1	PE (x)		-	-	-	75.4	23.3					
Total current liabilities	3.2	4.0	7.1	12.1	12.4	PE market		15.0	15.0	15.0	15.0	15.0					
Long term debt	0.3	0.3	0.2	0.2	0.2	Premium/(discount)		(100.0%)	(100.0%)	(100.0%)	402.5%	55.6%					
Other non current liab	0.3	0.1	0.1	0.1	0.1	EV/EBITDA		nm	nm	-	27.3	34.2					
Total long term liabilities	0.6	0.4	0.3	0.3	0.3	FCF/Share	cps	(0.0)	(0.2)	0.0	0.7	0.3					
<b>Total Liabilities</b>	<b>3.8</b>	<b>4.4</b>	<b>7.4</b>	<b>12.5</b>	<b>12.7</b>	Price/FCF share		(720.4)	(85.5)	-	503.1	21.6					
<b>Net Assets</b>	<b>4.6</b>	<b>3.3</b>	<b>(0.4)</b>	<b>1.5</b>	<b>6.0</b>	Free Cash flow Yield		(0.1%)	(1.2%)	(0.2%)	4.6%	2.1%					
Share capital	13.8	13.8	13.9	13.9	13.9												
Accumulated profits/losses	(11.7)	(14.4)	(17.8)	(15.8)	(11.3)												
Reserves	2.5	3.8	3.4	3.4	3.4												
Minorities	0.0	0.0	0.0	0.0	0.0												
<b>Total Shareholder funds</b>	<b>4.6</b>	<b>3.3</b>	<b>(0.4)</b>	<b>1.5</b>	<b>6.0</b>												

Source: RaaS estimates, Company data for actuals

# 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**



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

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