

# Pointerra Ltd

## Sky's the limit

Pointerra Ltd (ASX:3DP) provides an end to end, cloud-based data as a service solution for capturing, storing, manipulating and analysing massive 3D datasets in the geospatial sector. It has taken what has been a highly manual, slow and cost prohibitive process and turned it into a fast, efficient workflow solution for 3D data, enabling digital asset management from any device in any location. Its customer base spans pole and power companies, resources companies, construction companies, government agencies, data capture companies and surveyor and mapping companies. It generates income from subscriptions to host and provide access to data (data as a service), to process the huge data sets (data processing as a service) and increasingly from analysing the data (analytics as a service). With expanded datasets on its platform, Pointerra is now partnering with its customers to create a data marketplace which delivers additional revenue and customer opportunities to the group. We initiate coverage with a base case DCF valuation of \$0.75/share, which is predicated on Pointerra growing its Annual Contract Value (ACV) to US\$50m by FY25.

### Business model

Pointerra offers a suite of Software as a Service (SaaS) products to its clients: Data as a Service (DaaS), Analytics as a Service (AaaS), and Data Processing as a Service (DPaaS). Pointerra's DaaS offering manages 3D data using its digital management platform and is priced according to the amount of data (in terabytes) that Pointerra hosts on behalf of the client, and the number of users required. Additional revenue is generated from processing client data (DPaaS) and building and/or deploying analytics tools (AaaS) to interpret the client's 3D data. Pointerra has also recently soft-launched its 3D data marketplace which aims to sell insights into assets condition through subscription- and event-based models.

### Positive cashflow in sight, Annual Contract Value almost A\$7m

Pointerra reported positive operating cashflow in Q4 FY20 and, but for a delay in cash receipts in September, would have done the same in Q1 FY21. The company reported that at 30 September, annual contract value (ACV) stood at US\$4.93m (A\$6.8m), up from US\$3.98m on 1 September and up 72% from the ACV reported on 30 July (US\$2.06m). On an ACV run-rate basis, the company is profitable and exceeding recurring operating cost levels. We are forecasting that Pointerra ends H1 FY21 with ACV of US\$6.37m and US\$10.22m for FY21. On our estimates we are expecting 3DP to deliver H2 positive EBITDA of \$0.6m following negative EBITDA of \$1.2m in H1FY21.

### Base case DCF valuation is \$0.75/share

We have used the discounted cashflow methodology to value Pointerra using a WACC of 14.0% (beta 1.9, terminal growth rate of 2.2%) and this derives an equity value of \$0.75/share. Our terminal value is \$0.45/share within this valuation. Our valuation implies a compound annual growth rate (CAGR) in free cashflows 51.9% from FY22-FY30. As a sense check, the current share price of \$0.50/share implies a CAGR in FCF of 45.1% for the same period. Having examined comparable business models, we are of the view that our forecasts are entirely achievable.

#### Historical earnings and RaaS forecasts

Year end	ACV <sup>^</sup> (US\$m)	Total Revenue* (A\$m)	Gross Profit (A\$m)	EBITDA (A\$m)	NPAT (A\$m)	EPS (c)	EV/Sales (x)	EV/EBITDA (x)
06/19a	1.3	0.9	0.9	(1.9)	(1.9)	(0.4)	nm	nm
06/20a	2.9	1.9	1.8	(1.7)	(1.8)	(0.3)	nm	nm
06/21e	10.2	5.9	5.3	(0.6)	(0.6)	(0.1)	55.8	nm
06/22e	19.1	16.0	14.3	5.6	5.7	0.8	20.1	56.7

Source: Company data for historical earnings, RaaS estimates for FY21e and FY22e \*inc R&D grants <sup>^</sup>Annual Contract Value at period end

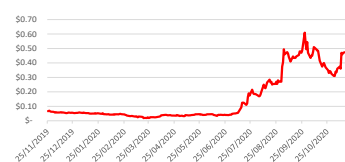
## Software & Services

25 November 2020

### Share details

ASX Code	3DP
Share Price (24 Nov 2020)	\$0.50
Market Capitalisation	\$335.4M
Shares on issue	670.7M
Net Cash Sept 30	\$4.85M
Free float	~68%

### Share performance (12 months)



### Upside Case

- Highly scalable business model
- Endorsed by tech veteran's recent investment in the stock
- Substantial growth opportunities in US market

### Downside Case

- Long enterprise sales cycle taking 9-12 months
- Competing with multinationals for business
- Substantial growth built into current share price

### Catalysts

- Demonstrated substantial growth in Annual Contract Value
- Additional contract wins in US utilities
- Development of data as a marketplace business

### Board of directors

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

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## Pointerra Ltd

**Pointerra has developed a patented, cloud-based solution to search, manage, visualise, analyse and share 3D geospatial imaging data and is commercialising it using its DaaS, AaaS, DPaaS, and 3D data marketplace model. The company listed on the ASX in July 2016 through an existing shelf company, Soil Sub Technologies Ltd, after raising \$5m in new equity at \$0.03/share and acquiring the Pointerra business from its co-founders in exchange for shares, performance shares and options. 3DP additionally raised \$1.15m at \$0.042/share in November 2018 and \$2.5m at \$0.05/share in November 2019. In July 2020, it placed 50m shares at \$0.05/share to raise \$2.5m in a strategic placement to Capital (b) Trust, an early stage investment vehicle controlled by Australian tech entrepreneur Bevan Slattery and the Slattery family. This endorsement by Bevan Slattery resulted in a share price rerating from \$0.05/share to a high of \$0.61/share in late September and helped deliver another \$0.42m from the exercise of \$0.05-\$0.09 options. At September 30, 3DP had net cash of \$4.85m.**

### Investment case

In our view, Pointerra has the opportunity to achieve success for the following reasons:

- Pointerra's customers, once secured, rarely leave and have, over time, increased their monthly spend to use more of Pointerra's services;
- The company's technology is unique and patented and solves a high-cost input for enterprises needing to deal with massive 3D datasets;
- Pointerra's technology is applicable to many sectors and enterprises on a global scale;
- There is a significant opportunity for Pointerra in the US defence sector which the company is only just beginning to explore;
- The move to LiDAR (Light Detection and Ranging) mapping and scanning is generating even greater 3D datasets requiring more processing power; this plays to Pointerra's strengths;
- Pointerra has only just started to get traction in the US utilities market, which annually spends more than US\$50b on maintenance of its poles and wires;
- The company has posted its first quarter of positive cashflow (Q4 FY20, is operating profitably on an annual contract value basis, and has \$4.85m cash in bank at September 30);
- Pointerra's cost base is largely fixed giving it leverage at scale;
- The company has a very stable senior management and technical team – all shareholders;
- Pointerra has the opportunity to expand well beyond its Data as a Service and Analytics as a Service revenue streams through the development of its 3D Data Marketplace in partnership with its existing survey and mapping customers and asset owners in Australia and the US.

### DCF valuation of \$0.75/share predicated on US\$50m ACV by FY25

In our view, the discounted cashflow methodology is the most appropriate method for valuing Pointerra given it is on the cusp of positive free cashflows. We have applied a WACC of 14.0% (beta 1.9, terminal growth rate 2.2%) to capture the high risk/high return nature of the investment. This derives a base valuation of \$0.75/share with \$0.45/share in the terminal value, implying a 10-year CAGR in free cashflows of 51.9%. Our valuation is predicated on Pointerra achieving Annual Contracted Value (ACV) of US\$50m (A\$77m) by June 2025, which we forecast will translate into revenues that financial year of \$76.6m. We have dimensioned an upside case and downside case based on Pointerra respectively achieving ACV of US\$50m by June 2024 and December 2026. This gives us an upside case of \$1.64/share and downside case of \$0.30/share.

## Business Model

Pointerra has developed patented, cloud-based, 3D geospatial data technology which solves an entrenched problem in the digital asset management sector and allows very large 3D datasets to be analysed and managed without the need for high-performance computing. Traditionally, 3D datasets have been worked on in sections and multiple files due to the amount of computing processing power needed to manage all the data points collected. This has created a cumbersome workflow for surveyors, engineers, architects and asset managers wanting to view and analyse 3D datasets. Pointerra has developed patented technology that allows these massive 3D geospatial datasets to be arranged in a format that can be quickly and easily processed, managed, used and shared. Its platform can be used to take large 3D datasets, usually in terabytes, and containing hundreds of billions of points, compress it without any loss in resolution, and deliver it to any device, anywhere in the world through a standard web browser. It generates revenue from offering subscription services to host the data, process it and analyse it. It also has recently soft-launched a 3D data marketplace which takes 3D data from a range of sources, such as existing survey and mapping customers and partners as well as asset owners, to provide insights. These insights are derived from the hosted 3D data leveraging Pointerra’s proprietary analytics engine to answer critical business problems, support decision making and drive asset management planning.

## Technology and patents

The company owns one granted patent and has one patent pending. Pointerra’s patent for the Method and System for Computer Graphics Rendering was granted in the US on May 12, 2020. The invention is “a method and system of computer graphics rendering implemented upon a processor in communication with a memory device storing a data comprises: loading a data structure representing at least part of a scene in world space for display into the process; a transform module transforming the data structure from world space to clip space; a dividing module subdividing the data structure in clip space so as to form child (subset) data structures; and a testing module checking which of the plurality of child data structures are within a viewing frustum, so that child data structures outside the viewing frustum are discarded and a plurality of remaining nodes are retained. The following exhibit highlights the typical rendering flowchart.

### Exhibit 1: Pointerra’s Method and System for Computer Graphics Rendering

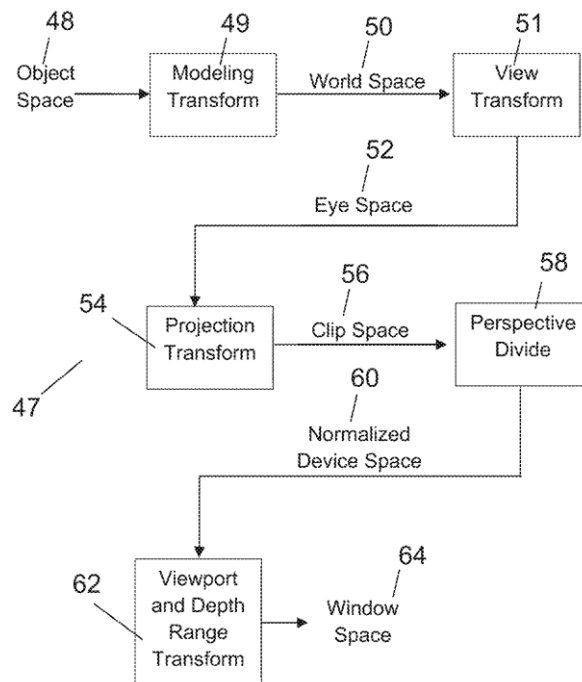


FIG 4

Source: Patent No: US 10,650,575 B2

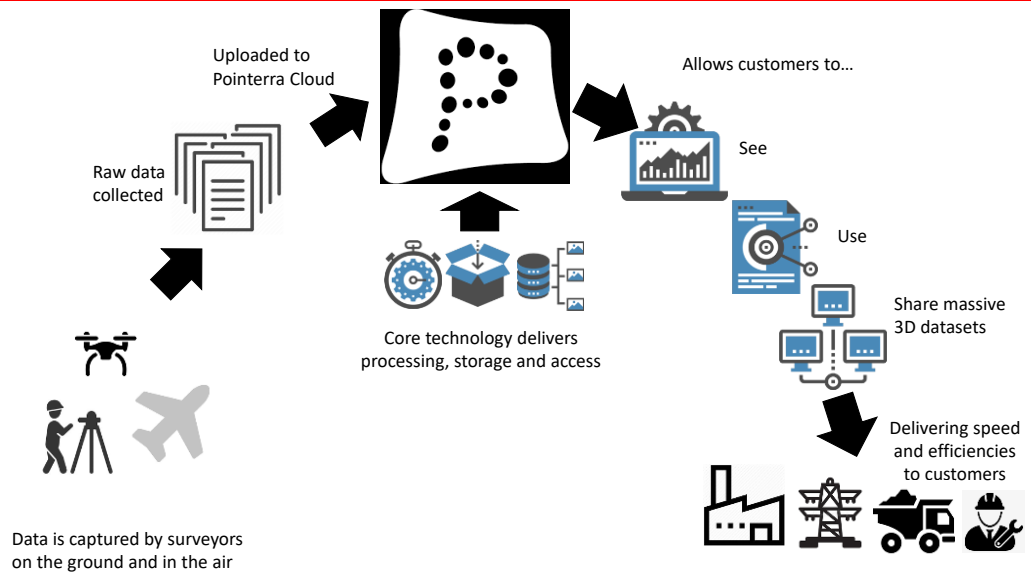
Essentially, the granted patent encompasses a faster and smarter way of rendering massive 3D data sets and displaying them on computer screens, tablets and mobile phones via a web browser.

The company's patent pending, WO2018/039730 AI, Method and System for Storing and Retrieving Multi-Dimensional Data, focuses on improved data compression and the ability to manipulate 3D data while it is in a compressed form.

We're not going to go into too much more detail about the patent and patent-pending except to make the following points:

- The system Pointerra has developed solves a significant problem for geospatial industry players by allowing the storage, retrieval, viewing, manipulation, sharing and analysing of massive data sets through a cloud-based solution that is faster and more efficient than the alternative method of desktop-based computer aided design (CAD) systems which are limited to working on small sections of the dataset rather than as a whole;
- The shift to Light Detection and Detection (LiDAR) in the geospatial sector has magnified this problem as the data sets generated by this new surveying method (of measuring distance to the target by illuminating the target with a laser light) have grown exponentially to billions of points that need to be plotted and analysed;
- Pointerra's novel compression technique enables lower storage costs for geospatial information which is, with LiDAR imaging, ranging in the hundreds of gigabytes and terabytes;
- The system allows for very rapid data processing and image rendering on any screen, including tablets and mobile phones, allowing for more immediate decision-making on asset management and more efficient workflows both in the office and in the field.

**Exhibit 2: Pointerra's 3D collection and processing workflow**



Source: Company data, RaaS analysis

**Clients and partners secured**

Pointerra has forged partnerships with several leaders in the geospatial data industry including Autodesk and Blue Marble Geographics, both of which have integrated Pointerra's technology into their systems. The company also has secured several enterprise customers in the US utility sector and Australia surveying and mapping sectors. It counts amongst its utility clients:

- Pacific Gas and Electric Company, one of the largest energy utilities in the US with more than 5m customers and currently spending around US\$35,000 per month with Pointerra;

- Eversource Energy (NYSE:ES) a US\$32b energy company servicing customers in Connecticut, Massachusetts and New Hampshire;
- Tennessee Valley Authority, a federally owned corporation servicing customers in Tennessee USA;
- Florida Power & Light, also one of the largest utilities in the US and owned by NYSE listed NextEra Energy;
- Southern California Edison and San Diego Gas & Electric (SDGE).

Its Australian surveying and mapping clients include LandSurveys and Jacobs, two of Australia’s larger surveying companies, as well as aerial mapping company Aerometrex (ASX:AMX), technical assurance and environmental, safety and governance (ESG) SaaS company K2fly (ASX:K2M) and geospatial intelligence company AAM Group.

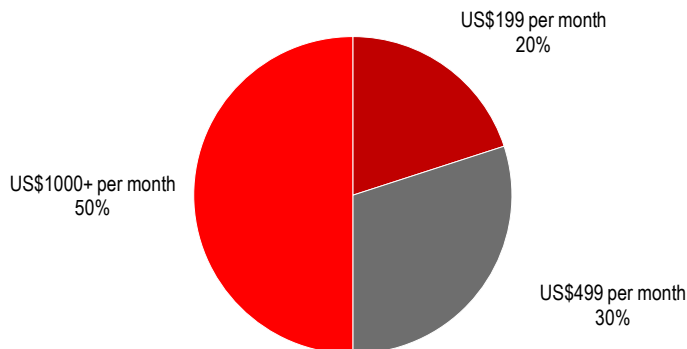
**Exhibit 3: Some of Pointerra’s customers and partners**



Source: Company data, RaaS analysis

Pointerra sells its services based on cloud usage, starting at US\$199 per month for 250GB, with a second tier of US\$499 per month for 500GB and US\$1,000 per month per 1 terabyte. Of its 50 or so customers, most are paying for at least 1 terabyte per month with at least two – PrecisionHawk and Pacific Gas & Electric now paying US\$35,000 per month. We set out in the following exhibit our estimates of the customers by tier.

**Exhibit 4: Percentage of customers by subscription tier**



Source: RaaS estimates

## Share History

Pointerra listed on the ASX in July 2016 through existing listed shelf company Soil Sub Technologies Ltd after raising \$5m in new equity at \$0.03/share. At the time, Pointerra also issued 86.7m shares to the existing shareholders in the company, 165m performance shares under three classes and with conditions precedent and 1-2m options to the lead manager of the issue and directors at a strike price of \$0.05/share. The company has subsequently returned to the market in November 2018, raising \$1.15m at \$0.042/share and November 2019, raising \$2.5m at \$0.05/share. In July 2020, Pointerra made a strategic placement to Australian tech investor, Bevan Slattery (co-founder of NextDC, Megaport and Superloop) raising \$2.5m at \$0.05/share. The transaction has subsequently driven a share re-rating for the stock, trading as high as \$0.61/share in September 2020.

**Exhibit 5: Pointerra's share price performance from its reverse listing to date**

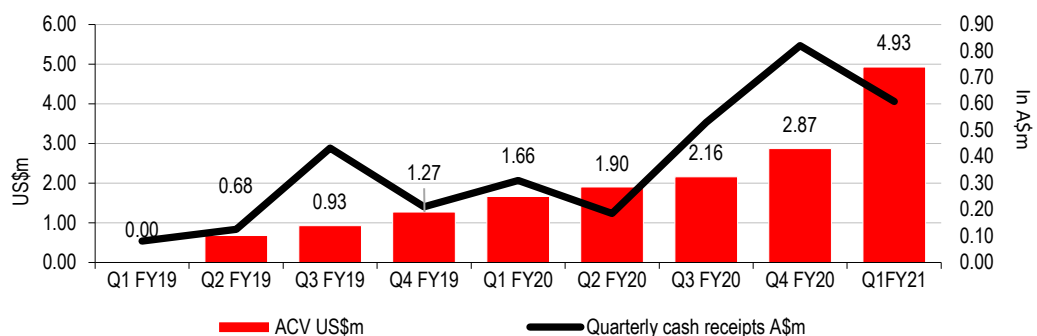


Source: Thomson Reuters Eikon

## Historical Operating Performance

Pointerra is an early stage company still gathering momentum in contracts and revenue. The company has consistently reported growth in Annual Contract Value (ACV) which at September 30 was US\$4.93m, an increase of 93% on the ACV reported at June 30. Cash receipts have also demonstrated growth, but have at times been lower quarter to quarter due to timing of payments. In Q1 FY21, the company reported cash receipts of \$0.61m, which was up 96% on Q1 FY20 but down when compared with the \$0.82m in cash receipts garnered in Q4 FY20.

**Exhibit 6: Quarterly cash receipts and annual contract value at quarter end**



Source: Company data

As the following exhibit highlights, cash receipts have grown consistently on a quarter on quarter basis over the past 3+ years while the cost base has remained relatively flat. This demonstrates the operating leverage that Pointerra has as cash receipts build. The company has delivered positive free cashflow in two quarters in the past 15 months and our expectation is that ongoing quarterly free cashflow should be positive from Q3 FY21.

**Exhibit 7: Quarterly cashflows Q1 FY18-Q1 FY21**

	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
Cash receipts	0.02	0.05	0.09	0.03	0.08	0.13	0.43	0.21	0.31	0.19	0.53	0.82	0.61
Cash outflows	(0.60)	(0.55)	(0.50)	(0.44)	(0.70)	(0.66)	(0.76)	(0.70)	(0.74)	(0.97)	(0.82)	(0.71)	(0.94)
Net interest	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	-	(0.00)	(0.01)	(0.01)	(0.01)
Other inc R&D grants	0.52	0.03	0.01	(0.06)	0.50	-	0.01	(0.01)	0.47	0.00	(0.00)	0.12	-
<b>Operating cashflow</b>	<b>(0.05)</b>	<b>(0.47)</b>	<b>(0.39)</b>	<b>(0.47)</b>	<b>(0.11)</b>	<b>(0.53)</b>	<b>(0.32)</b>	<b>(0.49)</b>	<b>0.04</b>	<b>(0.79)</b>	<b>(0.30)</b>	<b>0.22</b>	<b>(0.33)</b>
Maintenance capex	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	-	(0.01)	(0.01)	(0.04)	(0.04)
<b>Free cashflow</b>	<b>(0.06)</b>	<b>(0.48)</b>	<b>(0.40)</b>	<b>(0.47)</b>	<b>(0.12)</b>	<b>(0.53)</b>	<b>(0.33)</b>	<b>(0.50)</b>	<b>0.04</b>	<b>(0.80)</b>	<b>(0.30)</b>	<b>0.18</b>	<b>(0.37)</b>

Source: Pointerra 4C reports, RaaS analysis

The growth in ACV in FY20 over FY19 has also been reflected in revenue growth. FY20 revenues increased more than 111% over FY19 and allowed the company to narrow its operating loss to \$1.7m from \$1.9m a year before. The company ended FY20 with a net cash position of \$2.3m and has subsequently added to this following the \$2.5m placement to Capital b Trust and \$0.42m from options exercised in Q1 FY21. Net cash at September 30 was \$4.85m.

**Exhibit 8: Historical earnings performance and net debt and equity (In A\$m)**

Year ending June 30	FY16	FY17 <sup>A</sup>	FY18	FY19	FY20
Revenue	0.0	0.5	0.8	0.9	1.9
Gross Profit	0.0	0.5	0.8	0.9	1.8
EBITDA underlying	(0.1)	(1.3)	(1.5)	(1.9)	(1.7)
NPAT underlying	(0.1)	(1.3)	(1.5)	(1.9)	(1.8)
NPAT reported	(2.8)	(1.3)	(1.7)	(1.9)	(2.5)
Net debt (cash)	0.0	0.0	(1.4)	(0.9)	(2.3)

Source: Company annual reports, RaaS Analysis <sup>A</sup>Adjusted for one-time items and non-cash items including share based payments

In considering Pointerra's historical performance, one of the key features is the company's strong focus on costs. Employee and research and development costs are the two key expenditure lines for the company. R&D historically has been as high as 60%, as one would expect in the early stages of the business, and more recently at 33%; this includes expenditure on R&D staff. Employee costs have increased as the business has grown and, as one would expect, as it has expanded in the US. Overall, though, this has not been a company to waste money.

**Exhibit 9: Historical costs breakdown**

Year ending June 30	FY17	FY18	FY19	FY20
Costs of goods sold	0.00	0.00	0.03	0.15
R&D Costs (ex-employees)	0.25	0.31	0.20	0.37
R&D employee costs	0.83	0.79	0.89	0.84
Other Employee costs	0.26	0.62	0.88	1.51
SGAA costs	0.43	0.42	0.59	0.65
Other costs	0.04	0.16	0.18	0.10
<b>Total Costs</b>	<b>1.81</b>	<b>2.30</b>	<b>2.78</b>	<b>3.62</b>
% change over previous period	nm	27%	21%	30%
R&D costs as a percentage of total costs	60%	48%	39%	33%

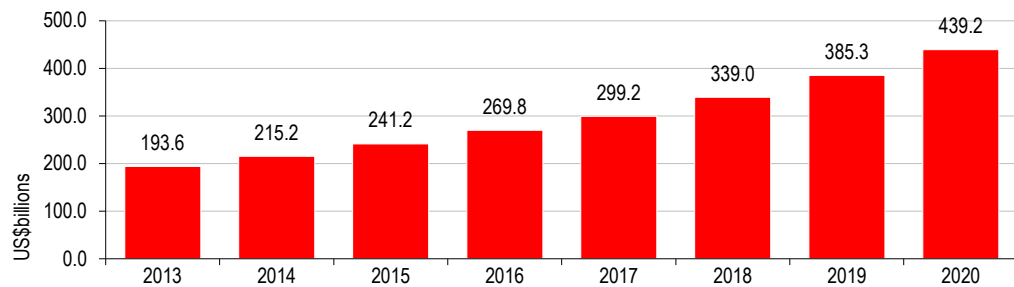
Source: Pointerra reports



## The Global Geospatial Market

Pointerra operates in the global data market, analysing huge data sets generated by the geospatial sector. The **Geobuiz** 2019 Edition of the Geospatial Industry Outlook and Readiness Index<sup>1</sup>, estimated that the cumulative value of the global geospatial industry would reach US\$439b in 2020, up 14% on 2019. Overall the sector has grown at a compound annual growth rate of 10% since 2013, with an acceleration in 2018-2020 of 14%. The growth acceleration is attributable to continuous advancement in technology, in particular digital technologies and the democratization of geospatial information. We see this continuing to accelerate with the introduction of LiDAR technology in smartphones (such as Apple's iPhone 12 Pro).

### Exhibit 10: Global geospatial industry size 2013-2020 (in US\$billions)



Source: Geobuiz Report 2019 Edition

The report predicted that the Geographic Information Systems (GIS) and Spatial Analytics market, which accounts for 20% of the global geospatial market, would reach US\$88.3b, up 12.4% from 2018-2020 and up 11% from 2013-2020. This is the market that relates most specifically to Pointerra. This growth can mainly be attributed to growing adoption of spatial analytics in city planning, utilities management, e-governance, disaster management, and retail and logistics sector applications. The Geobuiz report predicted estimated that the Asia Pacific GIS and Spatial Analytics market would post a CAGR of 19.6% between 2017-2020.

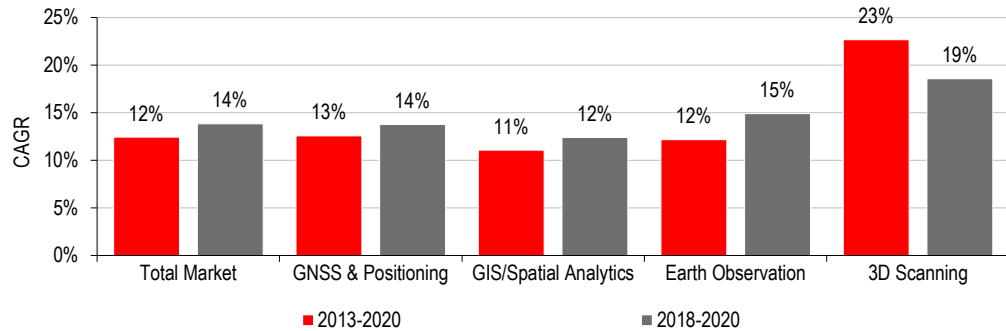
### Exhibit 11: Market size of the geospatial industry segments (US\$b)

Year ending Dec 31	GNSS* & Positioning	GIS*/Spatial Analytics	Earth Observation	3D Scanning
2013	113.9	42.4	34.0	3.4
2014	127.2	46.1	37.5	4.4
2015	143.6	52.2	40.2	5.3
2016	161.7	56.7	44.8	6.6
2017	178.4	62.2	50.0	8.6
2018	201.5	69.9	57.5	10.1
2019	228.7	78.6	66.0	12.1
2020	260.8	88.3	75.9	14.2

Source: Geobuiz Report 2019 Edition \*GNSS Global Navigation Satellite System GIS Geographic Information Systems

<sup>1</sup> Geobuiz 2019 Edition, produced by Geospatial Media & Communications in conjunction with Esri, Trimble and Faro

**Exhibit 12: Compound annual growth rate from 2013-2020 and 2018-2020**



Source: Geobuiz Report 2019 Edition

Geobuiz found Cloud computing and Big Data Analytics would be the significant drivers of growth in the GIS/Spatial Analytics market and that real-time GIS and Internet of Moving Things (IoMT), and 4-D GIS are the leading technology and business innovations in the segment.

The report has highlighted that the geospatial industry is being transformed by both new technologies and new business models with X-as-a-Service model one the foremost models driving the industry and it is expected to gain further momentum as technology expands applicability and reaches out to new user segments.

Another recent report from **ResearchAndMarkets.com** has forecast that the Geospatial Analytics market size would grow from US\$52.6b in 2020 to US\$96.3b in 2025, a CAGR of 12.9%. ResearchAndMarkets.com attributes this growth to the increasing number of Artificial Intelligence (AI) and machine-learning (ML) based GIS solutions, the development of smart cities and urbanization, increased deployment of IoT sensors across locations, and advancement of big data analytics for organizations by improving the workflow.

ResearchAndMarkets.com estimates that the North America geospatial analytics market will growth at a CAGR of 13.66% from 2020-2028, driven by the demand for geospatial analytics in the sectors of defence, intelligence, transportation, and logistics.

**Inkwood Research** is also forecasting mid-teen growth for the global geospatial analytics market, and is anticipating a CAGR of 14.07% from 2020 to 2028 at which point it expects global revenues to reach US\$165.99b. Inkwood identifies that the global geospatial analytics market will be driven by increased usage of spatial services in novel applications, changes to geospatial practices and the commercialisation of geospatial data.

Further, **MarketsandMarkets** is forecasting that the global digital map market size is projected to grow from US\$13.9b in 2019 to US\$29.4b by 2024, at a CAGR of 16.2% with the significant growth driver for the market being the growing adoption of mobile computing devices for navigation, wide adoption of 3D platforms, and advanced technologies for surveying and digital map-making

**Architecture, Engineering and Construction market**

The Geobuiz report also highlighted the importance of geospatial analytics to the Architecture, Engineering and Construction (AEC) market, which historically has been a laggard in technology adoption. The AEC sector globally is estimated to be US\$11.3tr<sup>2</sup>, of which AEC geospatial analytics is just 0.52% or US\$58.5b. Geobuiz estimates that investments in digitization and enabling technologies will boost productivity gains by about US\$1.6tr annually. The sector is expected to grow at a CAGR of 4% to 2022 to US\$13.2tr with industrial and

2 Geobuiz 2019 edition

building infrastructure accounting for more than 80% of this expenditure and the Asia Pacific region generating more than two-thirds of the global expenditure. Productivity gains through geospatial analytics are expected to be delivered through advances in real-time and continuous monitoring of sites through LiDAR and 3D laser scanning and the integration of geospatial information with design and engineering workflow data. These are advances that Pointerra’s technology has pioneered.

### Key drivers in target and potential markets

Pointerra’s client base ranges across Australian mapping and surveying firms, engineering companies, energy utilities (particularly in the US) and mining and energy companies. Some key drivers are considered:

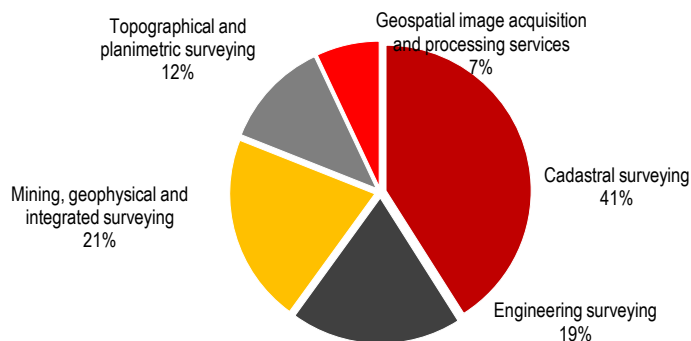
#### US Utilities

Major US energy utilities, representing around 70% of the total US electricity load, will spend an estimated US\$58bn<sup>3</sup> on their electricity distribution systems in 2020, up from an estimated US\$51b<sup>4</sup> in 2018; an annual expenditure increase of more than 50% over two decades. Most of this expenditure has been on capital investment on ageing systems including poles and wires. According to a 2015 U.S. Department of Energy report, 70% of transmission lines are 25 years or older and are being upgraded with advanced materials and new technology to better withstand extreme weather events, to allow easier frequency and voltage control during system emergencies, and to accommodate greater use of variable renewable generation (customer-sited wind and solar). The EIA estimates that over the past 10 years, the investment in overhead poles, wires, devices, and fixtures such as sensors, relays, and circuits has risen by 69%, and spending on substation transformers and other station equipment has increased by 35%. Investment in customer meters has more than doubled over the past decade as utilities have upgraded customer meters to smart meters that can be accessed remotely, communicate directly to utilities, and support smart consumption and pricing applications using real-time or near real-time electricity data.

#### Surveying and mapping sector

IBISWorld, in its June 2020 Surveying and Mapping Services in Australia report, forecasts that the Australian sector will grow at a CAGR of 0.6% from 2020 to 2025. The sector is estimated to generate revenues of A\$3.1b in 2020. The report highlights that Australia’s surveying and mapping sector is fragmented with more than 3,500 businesses which traditionally have relied on cadastral surveying for property-line surveying, subdivision layout and design work for the construction sector. Geospatial image acquisition and processing has generated a very small (7%) but growing revenue stream for the industry.

**Exhibit 13: Breakdown of revenues by products and services**



Source: IBISWorld Surveying and Mapping Services in Australia June 2020

<sup>3</sup> <https://www.iea.org/data-and-statistics/charts/capital-expenditures-in-2019-compared-with-spending-guidance-for-2020-of-selected-utilities>

<sup>4</sup> <https://www.eia.gov/todayinenergy/detail.php?id=36675>

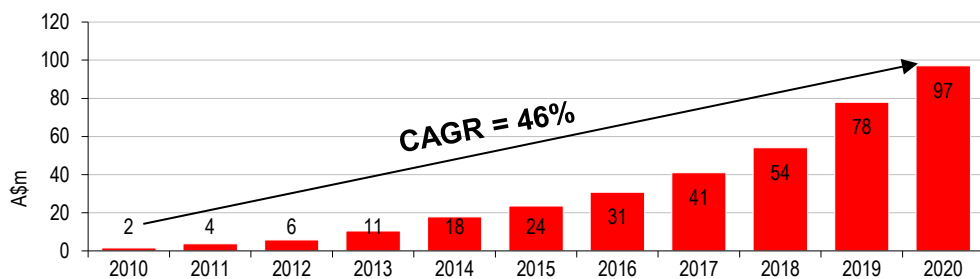
## Case studies in forming earnings estimates

We considered the historical earnings performance of Nearmap (ASX:NEA) and REA Group (ASX:REA) in striking our forecasts for Pointerra. Why? Nearmap is in Pointerra’s DNA, counting some of the same founders in Dr Rob Newman, Nearmap’s CEO and former Pointerra director, and Graham Griffith, Pointerra’s former chairman who sadly passed in February 2019. We considered REA Group as it presents a data marketplace for the property sector and also demonstrates the leverage that the SaaS model has over time. We are of the view that of these two companies REA presents the more realistic comparative business model due to its scalability. NEA’s capture business carries a level of costs that 3DP does not.

### Nearmap

Nearmap has been operating since 2008 and we have access to 11 years’ of revenue data. The company has grown revenue from \$2m to \$97m from FY10 to FY20, representing a CAGR of 46% over that period.

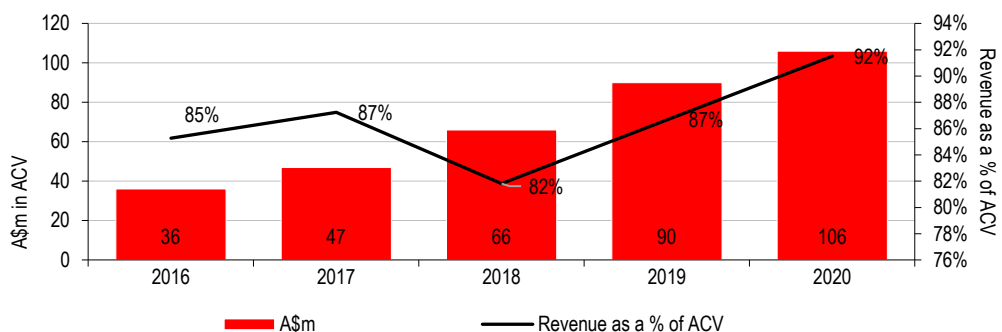
**Exhibit 14: Nearmap’s revenue by financial years FY10-FY20**



Source: Nearmap results presentations, RaaS analysis

Annual Contract Value data has only been available since 2016 but is valuable in establishing the relationship between ACV and revenue. As the following exhibit demonstrates, Nearmap’s revenues as a percentage of ACV have consistently been above 80% for the past five years. ACV has grown at a CAGR of 24% versus revenue at 26% over the same period.

**Exhibit 15: Nearmap’s Annual Contract Value at FY end and revenue as a % of ACV**



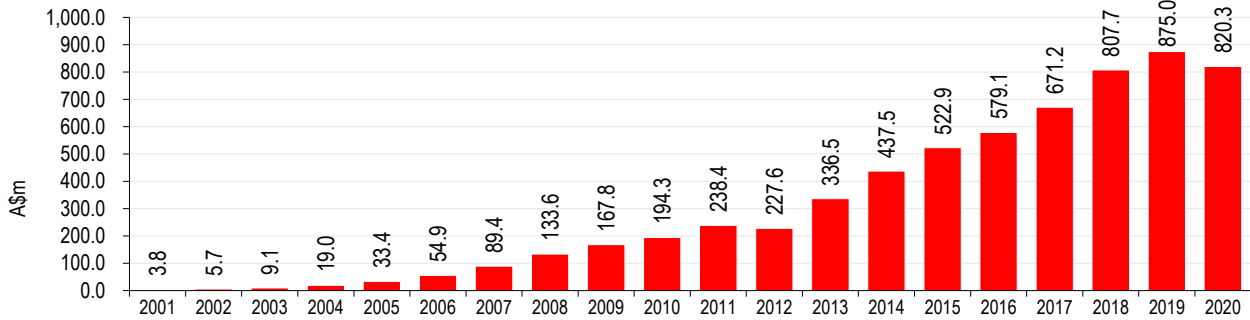
Source: Nearmap results presentations, RaaS analysis

From this we take the view that over time there should be almost a one-to-one relationship between ACV and revenue. However, it is difficult to gauge at what point in the lifecycle ACV and revenue form that one-to-one relationship. Pointerra’s FY20 revenue was less than 20% of its ACV at period end. If one includes deferred revenue, the relationship is just under 50%. Given the current gap between Pointerra’s current ACV and reported revenue, (largely due to its earlier stage nature as a business), we have assumed that there is a 38% conversion of ACV to revenue in FY21, rising to 58% in FY22, 81% in FY23 and 95% in FY24.

## REA Group example

We examined REA Group’s historical performance to get a sense of how a data marketplace develops as it gains market share and the leverage that it can derive over time. REA is a SaaS business which has matured over the past 20 years. The company was still loss making in the early 2000s but from 2012 its revenues outperformed our forecasts (set in 2010) by 50% or more. Moreover, the business demonstrates the leverage that a X-as-a-Service business model delivers.

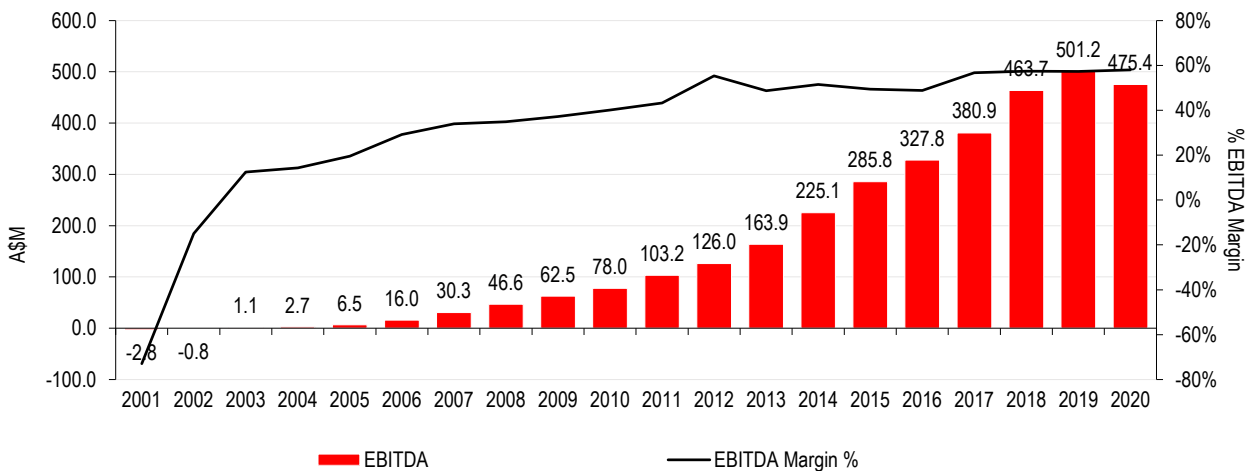
**Exhibit 16: Revenue performance of REA Group from 2001-2020**



Source: REA Group annual reports, RaaS analysis

This leverage is evident in the consistent EBITDA margins, ~50+%, delivered by the business from early in its lifecycle. Investors should be able to expect this sort of profile from any X-as-a-Service business. Again, we have taken this into account in modelling Pointerra; our median EBITDA margin over the life of our forecasts is ~60%.

**Exhibit 17: REA Group’s EBITDA and EBITDA Margin from 2001-2020**



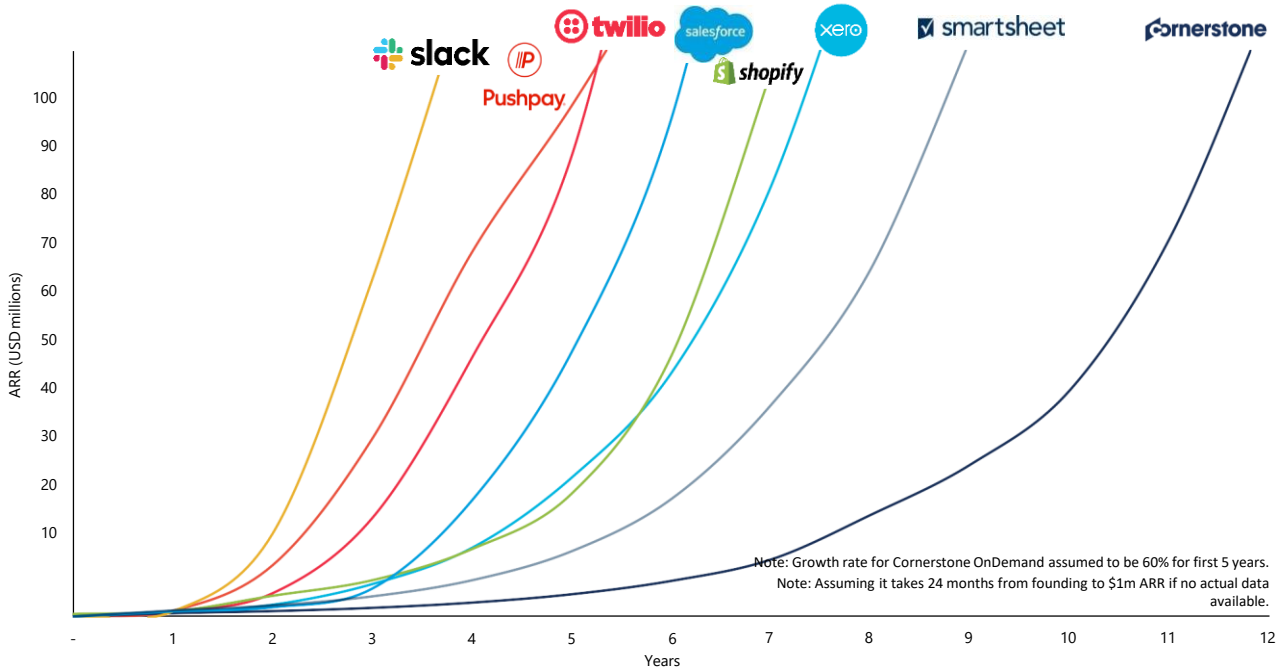
Source: REA Group, RaaS estimates

## The time it takes to get from US\$1m in ARR to US\$100m

Finally, we think it’s worth considering the time it takes for an X-as-a-Service business to get to Annual Recurring Revenue, or in Pointerra’s case Annual Contract Value, of US\$100m. As we observed on the previous page, Nearmap has now surpassed A\$100m in ACV and it took five years to achieve that after reporting it had reached A\$36m in ACV in 2016.

Our friends at Clare Capital in New Zealand recently published a graph depicting how long it took for New Zealand and US tech firms to grow from US\$1m in ARR to US\$100m. Pushpay (PPH.AX), a NZ mobile payments business focused on the religious sector, took just 4.5 years while fellow NZ company Xero took seven years. On average, the selected group took six years to reach this milestone. On our base case forecasts, we have Pointerra reaching this milestone in FY27, more than 10 years into its journey.

**Exhibit 18: Years from US\$1m to US\$100m ARR**



Source: Clare Capital 31 July 2020

### Earnings forecasts

Our forecasts are predicated on Pointerra surpassing US\$50m in ACV by the end of FY25. We also apply the following assumptions:

- ACV to revenue conversion starts at 38% and grows to 95% by year 5 of our 10 year forecast;
- Deferred revenue graduates from 50% in FY21 to 15% in FY25 and 0% in FY27;
- Cost of Goods Sold is essentially payments to Amazon Web Services for cloud storage – we have this as 11% of revenue in our base case which may prove too conservative if the cost of cloud storage falls;
- We have assumed the company secures R&D grants until it reaches \$20m in sales;
- Costs excluding COGS are forecasted to average 38% of sales over our 10 year forecast period with employee costs the biggest component;
- We have employees growing from 18 FTEs currently to 140 FTEs over the forecast period with new sales staff added every \$1m in additional revenue; employee salaries grow on average at 6% pa.

**Exhibit 19: RaaS’s earnings forecasts FY21-FY25 (In A\$m unless otherwise stated)**

Year ending June 30	2021f	2022f	2023f	2024f	2025f
ACV at period end (US\$m)	10.2	19.1	29.5	41.4	54.4
Revenue	5.9	16.0	33.5	54.7	76.6
Gross Profit	5.3	14.3	29.8	48.7	68.1
GP margin	90%	89%	89%	89%	89%
EBITDA	(0.57)	5.64	18.42	34.30	48.84
EBIT	(0.67)	5.62	18.41	34.30	48.84
NPAT	(0.65)	5.69	18.61	34.71	49.61
EPS (cps)*	(0.10)	0.85	2.77	4.44	7.40

Source: RaaS analysis

From a cashflow and balance sheet perspective, we have assumed a gradual reduction in the percentage of revenues deferred as the company matures. As a result, over time, we anticipate that operating cashflow should at least be within 90% of EBITDA. The business is not expected to require any additional equity.

#### Exhibit 20: Cashflow and balance sheet forecasts

	2021f	2022f	2023f	2024f	2025f
% of revenues deferred	50.0%	46.1%	37.2%	27.3%	17.3%
Operating cashflow	3.1	9.8	18.7	32.6	45.0
OCF/EBITDA (%)	nm	174%	102%	95%	92%
Net debt (cash)	(5.9)	(15.7)	(34.4)	(67.0)	(112.1)

Source: RaaS estimates

## SWOT analysis

In our view the strengths and opportunities for Pointerra outweigh the weaknesses and threats.

#### Exhibit 21: SWOT Analysis

Strengths	Opportunities
Customers, once secured, are very sticky and increase their spend over time	Untapped opportunities with Defence Forces
Highly scalable business model with predominantly fixed cost base	Penetration of US utilities (poles and wire sector) is integrated into solutions from market leaders such as Autodesk, Bentley and Esri putting its technology suite in front of millions of global customers
Technology is patented (one patent granted, one pending) and therefore uniquely positioned to exploit	Data marketplace offers the opportunity to generate revenue from customers not tapped by its other services
Directors and management, including technical co-founders, own circa 38% of the company	Yet to explore markets beyond Australia and US
Stable senior management team	The rise of autonomous vehicles delivers significant opportunities for regular scrutiny of tata points
Culture of tight cost control	
Capital light business with little additional capex beyond R&D required	
Weaknesses	Threats
A small player trying to win the attention of and contracts with major US utilities and Government agencies	Geospatial companies could decide to build their own 3D proprietary cloud hosting and management solution or data marketplace
Continuous need to invest in R&D and technology changes	AI and machine learning could replicate 3DP's solution
It takes a lot of data to generate income	Other service providers like IKeGPS are trying to create data marketplaces in the poles and wires space
	Could get acquired before shareholder value is realised (Spookfish)

Source: RaaS Analysis

## Sensitivities

We highlight several sensitivities to Pointerra's business:

- **Execution risk:** Our forecasts and valuation are predicated on the company's ability to secure annual contracts of US\$50m by FY25. This is not the company's guidance and should not be construed as such. This is based on our assessment of the company's current momentum with its clients and ability to secure a greater share of its addressable market.
- **Key person risk:** The company's assets, its senior management and technical team, walks out the door every day. We see potential key person risk if Pointerra loses managing director Ian Olson, key technical executives Shane Douglas, Mark Morrison and Mike Freeth.
- **Competitor risk:** There is a risk that 3D geospatial companies develop their own data marketplaces or that a competing technology emerges, reducing the opportunity for Pointerra to leverage its proprietary technology.
- **Currency risk:** Most of Pointerra's revenues are generated in US dollars, while the majority of its costs are in local currency terms. Pointerra will need to manage the currency translation for financial reporting.

## Board and management

### Directors

**Neville Bassett, Non-Executive Chairman**, is a chartered accountant operating his own corporate consulting business specialising in corporate, financial and management advisory matters. He is the principal director of Westar Capital Ltd and is a Fellow of the Chartered Accountants of Australia and New Zealand. He is also currently a non-executive director of listed companies, PharmAust (ASX:PAA), Yowie Group (ASX:YOW) and Blina Minerals (ASX:BDI) and non-executive chairman of Auris Minerals (ASX:AUV). He previously was the State Chairman and a former National Director of the Royal Doctor Flying Service.

**Paul Farrell, Non-Executive Director** is the managing director of NGIS Australia, an integrated provider of mapping and location-based technology solutions to national and international enterprises including global companies such as Google. He has tertiary qualifications in both Science and Management, having completed an MBA in 2005. Mr Farrell is past National Chairman of SIBA (Spatial Industry Business Association) and Vice-Chair of the Australian Information Industry Association of WA.

**Ian Olson, Managing Director**, is a co-founder of Pointerra and brings more than 13 years' experience in the geospatial sector as well as 30+ years' experience in finance and capital markets. Prior to co-founding Pointerra, Ian was the executive chairman and owner of WKC Spatial, a Western Australian surveying and spatial services business servicing the oil and gas industry, construction and engineering, land services and geospatial industries. He also has held partner and senior manager roles with accounting and business services groups including KPMG, PKF, Arthur Andersen, BDO, Chase Manhattan Bank and Lloyds Bank. Ian is also currently the Non-Executive Chairman of Gage Roads Brewing Co (ASX:GRB).

### Management

**Shane Douglas, Chief Technology Officer**, is a co-founder of Pointerra and its inventor. He brings more than 30 years' experience in software development, in particular in 2D and 3D spatial software. Prior to co-founding Pointerra, Shane developed software in 2D and 3D spatial environments for the Water Corporation of Western Australia, Rio Tinto Iron Ore and several other organisations.

**Randy Rhoads, Chief Operating Officer**, is a professionally licensed civil engineer with 20+ years' experience in 3D LiDAR based surveying and mapping. Randy, also a former US air force officer and pilot, was most recently head of global commercialisation for LiDAR technology with US defence and technology company Harris Corporation which in 2018 merged with L3 to become L3 Harris Technologies (NYSE:LHX). Randy is based in Virginia, USA.

**Mark Morrison, VP Engineering**, is a co-founder of Pointerra and an engineer with more than 25 years' experience in the geospatial and resources industries. Prior to joining Pointerra, Mark was a senior software engineer with Empired, a mining technology company, a director of Ioniq Innovation which focused on applied R&D in the geospatial and resources sectors, and held several senior R&D geoscience and engineering positions with Rio Tinto Iron Ore.

**Mike Freeth, VP Cloud Development**, brings a diverse skill set and passion for modern web technologies to his role. His experience ranges from technical to creative covering software development, graphic design, video production and photography. Prior to joining Pointerra, Mike held technical positions with Ioniq Innovation and Rio Tinto Iron Ore.

**Jill Wrenn, North American Director of Operations**, is a remote sensing and LiDAR professional who brings more than 13 years' experience to her role. Most recently, Jill was director of LiDAR Operations at PrecisionHawk, one of Pointerra's key customers, where she also managed project and program workflow projects for clients, trained incoming technicians and created the standard operating procedures to ensure a consistent quality standard. Before joining PrecisionHawk she spent long stints with LiDAR specialists Merrick & Company, Aero-Metric and Sanborn, all US LiDAR companies. Jill is based in Denver, Colorado.

**Stephen Sakharov, Principal Software Architect**, is a software developer with more than 20 years' experience developing commercial software solutions across a range of industries including the resources





sector. Stephen previously held senior executive positions with Slate Software, ISS, and AXYS Design Automation.

**Russell Rogers, Principal Software Engineer**, brings more than 18 years' experience in the geospatial industry, delivering high performance and scalable GIS imagery solution. Prior to joining Pointerra, Russell was director of survey systems for Nearmap, where over more than 8 years he also held other senior technical positions. Prior to this he had a long stint with EP Mapper as software engineer and team leader on their high performance server application, Image Web Server, which used revolutionary streaming technology to efficiently deliver massive amounts of geospatial imagery to thousands of users from a single server.

**James Wilder (Jamie) Young, Executive VP-Technology**, is a remote sensing professional with more than 26 years' experience in all phases of LiDAR including applications development, analytics, data collection and processing and hybrid remote sensing approaches. He is a published author of multiple LiDAR publications including LiDAR for Dummies and the ASPRS Topographic Airborne LiDAR Manual and is a regular contributor to the industry bible LIDAR Magazine.

## Peer Comparison

Pointerra is a SaaS company, generating its income from repeat subscriptions from its clients. It is also a data marketplace for massive 3D datasets. We have looked at a range of Australian and New Zealand SaaS companies which also provide a marketplace through their customers and end-users to get a sense of the sorts of multiples that investors are likely to apply to these companies. For completeness, we have also included Nearmap and Aerometrex.

**Aerometrex** is an Australian professional aerial mapping business company. The Company offers aerial photography, photogrammetry, LiDAR, 3D modelling and aerial imagery subscription services. Aerial photography and mapping services include aerial photographs, orthophotography, digital terrain models (DTMs), digital surface models (DSMs) and digitized 3D feature for geographic information systems.

**Appen** collects and labels images, text, speech, audio, and video used to build and continuously improve the world's most innovative artificial intelligence systems. Its AI-assisted data annotation platform, which has amassed a global crowd of more than 1m skilled contractors covering more than 180 languages, provides solutions to companies in the technology, automotive, financial services, retail, and manufacturing sectors.

**BetMakers Technology Group**, operates a SaaS style model for its Racing Data and Informatics platforms: Global Betting Services and DynamicOdds. Racing bodies and bookmakers pay a monthly recurring fee for access to the platforms with contract periods usually of 3 years' duration. Over time we expect the SaaS revenue share to average ~45-50% as the company expands its racing data and informatics platforms and new integrity platforms in both Australia and offshore.

**Dubber** is engaged in the provision of call recording and audio asset management in the cloud. It operates both a SaaS and Corporate revenue model. Its global reach allows recordings to be captured, managed and accessed from anywhere in the world. Its products include Call Recording, Call Playback, Call Recording Intelligence, Dubber Lab and Call Recording API. With Playback activated as a service through the service provider, end users can rewind, replay and save their conversations immediately after the call. Call Recording Intelligence is a collection of call recording analytics tools, products and services. Dubber API enables an access to recordings within user's existing business applications. Its Dubber Lab provides a platform for testing all of its services.

**Infomedia** operates a SaaS model to deliver access to its electronic parts catalogues and service quoting software systems, for the parts and service sectors of the global automotive industry. The company also generates revenue from information management, analysis and data creation for the domestic automotive and oil industries.

**ikeGPS** is engaged in producing end-to-end measurement solutions targeting energy utilities which need to measure and model their distribution assets, such as power poles and wires. The Company's products include IKE 3, IKE 4 and Spike. Spike is a smart laser measurement solution that enables the user to measure an object by taking a photo with smartphone or tablet, and take real-time measurements, including height, width, area, length and target location. The Company offers Spike device, Spike mobile application and Spike Cloud. IKE 3 is a customizable and verifiable pole data collection solution that consists of a laser rangefinder, digital camera and compass along with global positioning system (GPS) and a mobile computer. IKE 4 is a field data collection product used for outside plant (OSP) design and new attachment permitting, and pole replacement, new construction, and post construction as-built audits.

**Iress** provides a software and data platform to the financial services industry. The company provides software and services for trading & market data, financial advice, investment management, mortgages, superannuation, life & pensions and data intelligence. Its platform is used by more than 9,000 businesses and 500,000 users globally.

**Skyfii** is engaged in the provision of data analytics services for the retail, education, health and transit sectors, focusing on the development and commercialization of data analytics, marketing and advertisement services to its customers in Australia. It provides analytics and data driven marketing products for bricks and mortar businesses.

For completeness, we have also included aerial mapping and LiDAR group Aerometrex (ASX:AMX), a Pointerra customer which has recently launched its own 3D marketplace, and Nearmap (ASX:NEA) in our analysis.

As the following exhibit highlights, the Australian and New Zealand peer group is trading on a forward median EV/Revenue multiple of 6.0x and forward EV/EBITDA multiple of 29.2x. The results, however, a somewhat impacted by the lack of earnings estimates for Dubber, IkeGPS and Skyfii.

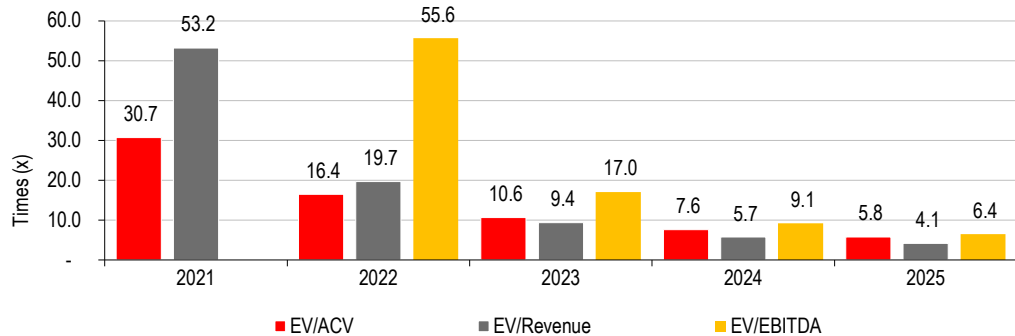
**Exhibit 21: Australian data capture, data analysis and data marketplace peers**

Company	Code	Market cap (A\$M)	Enterprise value A\$M	EV/Revenue (last FY)	EV/Revenue (Fwd)	EV/EBITDA (last FY)	EV/EBITDA (Fwd)	EBITDA margin (Fwd)
Aerometrex	AMX.AX	110	91	4.5	3.6	nm	12.4	29%
Appen	APX.AX	4,106	4,053	7.6	6.0	nm	32.0	19%
Betmakers Technology*	BET.AX	345	314	36.6	11.7	na	46.5	25%
Dubber Corp	DUB.AX	361	344	29.0	na	na	na	na
Infomedia	IFM.AX	707	609	6.4	6.0	13.5	12.1	49%
ikeGPS	IKE.AX	151	147	15.0	na	na	na	na
Iress	IRE.AX	1,962	2,212	4.3	4.0	16.2	17.5	23%
Nearmap	NEA.AX	1,141	1,119	11.5	10.0	116.2	63.2	16%
Skyfii	SKF.AX	75	73	5.4	4.1	na	29.2	14%
<b>Median</b>		<b>361.3</b>	<b>343.7</b>	<b>7.6</b>	<b>6.0</b>	<b>16.2</b>	<b>29.2</b>	<b>23%</b>

Source: Thomson Reuters Eikon, RaaS analysis (Prices as at 23 November 2020) \*BetMakers is also a RaaS client

It is worth noting that Nearmap is trading at a substantial premium to this group at 10x forward EV/Revenue and 63x EV/EBITDA. We set out the EV/ACV, EV/Revenue multiples and EV/EBITDA multiples implied from the current share price and our Pointerra earnings estimates in the following exhibit. Note that Nearmap is currently trading on 11x EV/ACV.

**Exhibit 22: EV/ACV, EV/Revenue and EV/EBITDA multiples implied on 3DP's current price**



Source: RaaS analysis and forecasts

We have also examined an international peer group which operates in the Geospatial Information Sector. Within this group we examine Absolute Software, Hexagon, L3Harris Technologies, Maxar Technologies and Bentley Systems, which is a Pointerra customer. We acknowledge that all these companies are significantly larger than Pointerra but the analysis is useful to define what the market is prepared to pay for more mature businesses in this sector and the margins that they are expected to deliver. On an EV/Revenue basis the median multiple is slightly lower than the Australian peers, reflecting the more mature nature of these businesses relative to the Australian peers we have defined. On an EV/EBITDA basis, the median forward EBITDA multiple is also lower, again reflecting the relative maturity.

**Exhibit 23: US geospatial technology peers**

Company	Code	Market cap (US\$M)	EV US\$M	EV/Rev (last FY)	EV/Rev (Fwd)	EV/EBITDA (last FY)	EV/EBITDA (Fwd)	Fwd Per	EBITDA margin (Fwd)	NPAT Margin (Fwd)
Absolute Software	ABST.TO	641	604	5.8	5.1	20.7	21.4	62.7	24%	7%
Bentley Systems	BSY.O	1,662	4,551	2.7	2.7	11.3	10.5	nm	25%	nm
Hexagon AB	HEXAb.ST	246,720	248,739	63.7	65.8	169.0	189.0	337.8	35%	20%
L3harris Tech	LHX	40,783	46,913	5.1	2.5	nm	12.4	16.8	21%	14%
Maxar Tech	MAXR.K	9,552	9,665	13.1	12.2	55.5	38.0	nm	32%	nm
<b>Median</b>		<b>9,552</b>	<b>9,665</b>	<b>5.8</b>	<b>5.1</b>	<b>38.1</b>	<b>21.4</b>	<b>62.7</b>	<b>25%</b>	<b>14%</b>

Source: Thomson Reuters Eikon, RaaS analysis (Prices as at 22 November 2020)

## DCF Valuation

In our view, given the early stage nature of Pointerra's business, we believe the discounted cashflow methodology to be the most appropriate method for valuing the company. We derive a weighted average cost of capital (WACC) of 14.0% (beta 1.9, terminal growth rate 2.2%) and this gives us a base case valuation of \$501.5m or \$0.75/share. Our terminal value accounts for \$0.45/share in the valuation. This implies an EV/Revenue multiple of 14.9x based on our FY23 forecasts and EV/EBITDA multiple of 27x of the same year.

**Exhibit 24: DCF valuation**

DCF valuation	Parameters
Discount Rate / WACC	14.0%
Beta	1.9
Equity Risk Premium	7.0%
Risk Free Rate	0.5%
Terminal growth rate	2.2%
<b>CAGR in FCF FY22-30</b>	<b>51.9%</b>
Sum of PV (A\$m)	196.4
PV of terminal Value (A\$m)	300.2
PV of Enterprise	496.6
Net Debt post restructure	(4.8)
Net Value - Shareholder	501.5
No of shares on issue	670.7
<b>NPV in A\$</b>	<b>0.75</b>

Source: RaaS Analysis

As you would expect, the valuation is sensitive to the discount rate used. We are of the view that a higher discount rate is appropriate.

**Exhibit 25: WACC sensitivity on valuation**

WACC	Valuation
11.0%	\$1.15
11.5%	\$1.06
12.0%	\$0.99
12.5%	\$0.92
13.0%	\$0.86
13.5%	\$0.80
14.0%	\$0.75
14.5%	\$0.71
15.0%	\$0.67
15.5%	\$0.63
16.0%	\$0.59
16.5%	\$0.56
17.0%	\$0.53

Source: RaaS analysis

### Scenario analyses

Our financial model incorporates both an upside case and a downside case to reflect higher/lower growth forecasts. In terms of the upside case, we anticipate ACV of US\$50m by FY24, compared with our base case valuation of achieving ACV of US\$50m by FY25. Our upside case also incorporates the following assumptions:

- ACV to revenue conversion hits 100% by FY24
- FTEs reach 220 by FY30
- USD/AUD exchange rate of \$0.65

Our downside case assumes ACV of US\$50m will be achieved by H1 FY27. Our downside case also incorporates the following:

- ACV to revenue conversion hits 92% in FY30
- FTEs reach 85 by FY30
- USD/AUD exchange rate of \$0.79

Flowing from these assumptions, the upside case captures a 10-year CAGR in revenue of 56.0% and 10-year CAGR in EBITDA of 52.3% and a DCF valuation of \$1.64/share. This downside case contemplates at 10 year CAGR in revenues of 39.2% to deliver a DCF valuation of \$0.30/share.

**Exhibit 24: Base case valuation, revenue and EBITDA forecasts versus downside/upside projections**

	Base	Downside	Upside
DCF valuation/share	\$0.75	\$0.30	\$1.64
Revenue FY21	5.9	4.6	7.6
EBITDA FY21	(0.6)	(1.5)	0.7
Revenue FY30	292.1	124.9	648.3
EBITDA FY30	190.5	71.2	452.5
10 year CAGR in Revenue %	47.7%	39.2%	56.0%
10 year CAGR in EBITDA %	47.8%	45.4%	52.3%

Source: RaaS Estimates

## Reverse DCF

We have applied the discounted cashflow methodology in reverse to determine the growth rate implied in Pointerra's current share price. Applying our 14.0% weighted average cost of capital (derived from an equity risk premium of 7.0%, risk free rate of 0.5%, terminal growth rate of 2.2% and a beta of 1.9), we arrive at the present market capitalisation of \$318.7m, applying a CAGR of 45.1% to free cashflows from FY23-30.

<b>Exhibit 25: Reverse DCF</b>	
<b>Reverse DCF Indicative Valuation</b>	<b>Parameters</b>
Discount Rate / WACC	14.0%
Beta	1.9
Equity Risk Premium	7.0%
Risk Free Rate	0.5%
Terminal growth rate	2.2%
<b>CAGR in FCF FY23-30</b>	<b>45.1%</b>
Sum of PV (A\$m)	131.9
PV of terminal Value (A\$m)	198.9
PV of Enterprise	330.8
Net cash 30 Sept	-4.8
Net Value - Shareholder	335.7
No of shares on issue	670.7
<b>NPV in A\$</b>	<b>0.50</b>
Source: RaaS Analysis	

**Exhibit 26: Financial Summary**

Pointerra Ltd						Share price (24 November 2020)						A\$	0.50						
Profit and Loss (A\$m)						Interim (A\$m)						H119F	H219F	H120A	H220A	H121F	H221F		
Y/E 30 June	FY18A	FY19A	FY20A	FY21F	FY22F	Annual contract revenue (US\$)	0.68	1.27	1.90	2.87	6.37	10.22	Revenue	0.1	0.3	0.5	0.7	1.9	4.0
Annual contract value (US\$m)	n.a	1.3	2.9	10.2	19.1	Sales Revenue	0.3	0.4	1.2	5.4	15.5	EBITDA	(1.3)	(0.5)	(1.3)	(0.4)	(1.1)	0.5	
Sales Revenue	0.3	0.4	1.2	5.4	15.5	Total Revenue	0.8	0.9	1.9	5.9	16.0	EBIT	(1.3)	(0.6)	(1.3)	(0.5)	(1.2)	0.6	
Total Revenue	0.8	0.9	1.9	5.9	16.0	Gross Profit	0.8	0.9	1.8	5.3	14.3	NPAT (normalised)	(1.3)	(0.6)	(1.3)	(0.5)	(1.2)	0.6	
Gross Profit	0.8	0.9	1.8	5.3	14.3	EBITDA	(1.5)	(1.9)	(1.7)	(0.6)	5.6	Minorities	-	-	-	-	-	-	
EBITDA	(1.5)	(1.9)	(1.7)	(0.6)	5.6	Depn	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	NPAT (reported)	(1.3)	(0.7)	(1.3)	(1.2)	(1.2)	0.6	
Depn	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	Amort	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	EPS (normalised)	(0.27)	(0.12)	(0.24)	(0.10)	(0.18)	0.09	
Amort	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	EBIT	(1.5)	(1.9)	(1.8)	(0.7)	5.6	EPS (reported)	(0.26)	(0.13)	(0.25)	(0.20)	(0.18)	0.09	
EBIT	(1.5)	(1.9)	(1.8)	(0.7)	5.6	Interest	0.0	0.0	(0.0)	0.0	0.1	Dividend (cps)	-	-	-	-	-	-	
Interest	0.0	0.0	(0.0)	0.0	0.1	Tax	0.0	0.0	0.0	0.0	0.0	Imputation	-	-	-	-	-	-	
Tax	0.0	0.0	0.0	0.0	0.0	Minorities	0.0	0.0	0.0	0.0	0.0	Operating cash flow	(0.6)	(0.8)	(0.7)	(0.1)	(1.4)	2.5	
Minorities	0.0	0.0	0.0	0.0	0.0	Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Free Cash flow	(0.6)	(0.8)	(0.7)	(0.0)	(1.4)	2.5	
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items	(1.5)	(1.9)	(1.8)	(0.6)	5.7	<b>Divisions</b>	<b>H119F</b>	<b>H219F</b>	<b>H120A</b>	<b>H220A</b>	<b>H121F</b>	<b>H221F</b>	
NPAT pre significant items	(1.5)	(1.9)	(1.8)	(0.6)	5.7	Significant items	0.0	(0.0)	(0.7)	0.0	0.0	Contract revenue	0.1	0.3	0.5	0.7	1.9	3.5	
Significant items	0.0	(0.0)	(0.7)	0.0	0.0	NPAT (reported)	(1.7)	(1.9)	(2.5)	(0.6)	5.7	R&D grants	0.0	0.5	0.0	0.7	0.0	0.5	
NPAT (reported)	(1.7)	(1.9)	(2.5)	(0.6)	5.7	<b>Cash flow (A\$m)</b>	<b>Y/E 30 June</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21F</b>	<b>FY22F</b>	<b>Total Revenue</b>	<b>0.1</b>	<b>0.8</b>	<b>0.5</b>	<b>1.4</b>	<b>1.9</b>	<b>4.0</b>
<b>Cash flow (A\$m)</b>	<b>Y/E 30 June</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21F</b>	<b>FY22F</b>	EBITDA	(1.5)	(1.9)	(1.7)	(0.6)	5.6	COGS	0.0	0.0	0.0	0.1	0.2	0.4
EBITDA	(1.5)	(1.9)	(1.7)	(0.6)	5.6	Interest	0.0	0.0	(0.0)	0.0	0.1	<b>Gross Profit</b>	<b>0.1</b>	<b>0.8</b>	<b>0.5</b>	<b>1.3</b>	<b>1.7</b>	<b>3.7</b>	
Interest	0.0	0.0	(0.0)	0.0	0.1	Tax	0.0	0.0	0.0	0.0	0.0	R&D costs	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	
Tax	0.0	0.0	0.0	0.0	0.0	Working capital changes	0.1	0.4	0.9	3.7	3.9	Employment	(0.9)	(0.8)	(1.1)	(1.2)	(2.2)	(2.5)	
Working capital changes	0.1	0.4	0.9	3.7	3.9	Operating cash flow	(1.4)	(1.4)	(0.8)	3.1	9.6	General & Admin costs	(0.3)	(0.3)	(0.4)	(0.3)	(0.3)	(0.3)	
Operating cash flow	(1.4)	(1.4)	(0.8)	3.1	9.6	Mtbe capex	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	Other costs	(0.1)	(0.0)	(0.1)	0.0	(0.1)	(0.1)	
Mtbe capex	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	Free cash flow	(1.4)	(1.5)	(0.9)	3.1	9.6	EBITDA	(1.3)	(0.5)	(1.3)	(0.4)	(1.1)	0.5	
Free cash flow	(1.4)	(1.5)	(0.9)	3.1	9.6	Growth capex	(0.0)	(0.0)	(0.0)	0.0	0.0	<b>Margins, Leverage, Returns</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21F</b>	<b>FY22F</b>		
Growth capex	(0.0)	(0.0)	(0.0)	0.0	0.0	Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBITDA	(481.3%)	(419.2%)	(138.7%)	(10.6%)	36.5%		
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	Other	0.0	0.0	0.0	0.0	0.0	EBIT	(494.4%)	(430.6%)	(147.1%)	(12.6%)	36.3%		
Other	0.0	0.0	0.0	0.0	0.0	Cash flow pre financing	(1.4)	(1.5)	(0.9)	3.1	9.6	NPAT pre significant items	(487.4%)	(429.0%)	(149.4%)	(12.1%)	36.8%		
Cash flow pre financing	(1.4)	(1.5)	(0.9)	3.1	9.6	Equity	0.0	1.2	2.5	2.5	0.0	Net Debt (Cash)	1.4	0.9	2.3	5.9	15.5		
Equity	0.0	1.2	2.5	2.5	0.0	Debt	0.0	0.0	0.0	0.0	0.0	Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	2.7		
Debt	0.0	0.0	0.0	0.0	0.0	Dividends paid	0.0	0.0	0.0	0.0	0.0	ND/ND+Equity (%)	(%)	(867.7%)	448.2%	209.0%	210.1%	230.9%	
Dividends paid	0.0	0.0	0.0	0.0	0.0	Net cash flow for year	(1.4)	(0.4)	1.6	5.6	9.6	EBIT interest cover (x)	(x)	n/a	n/a	n/a	n/a	0.0	
Net cash flow for year	(1.4)	(0.4)	1.6	5.6	9.6	<b>Balance sheet (A\$m)</b>	<b>Y/E 30 June</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21F</b>	<b>FY22F</b>	ROA		(100.0%)	(69.5%)	(11.1%)	39.1%	
<b>Balance sheet (A\$m)</b>	<b>Y/E 30 June</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21F</b>	<b>FY22F</b>	Cash	1.4	0.9	2.3	5.9	15.5	ROE		(168.0%)	(258.4%)	(30.1%)	96.2%	
Cash	1.4	0.9	2.3	5.9	15.5	Accounts receivable	0.6	0.5	0.6	2.3	4.1	ROIC		126.1%	149.1%	38.2%	(161.4%)		
Accounts receivable	0.6	0.5	0.6	2.3	4.1	Inventary	0.0	0.0	0.0	0.0	0.0	<b>NTA (per share)</b>	0.00	0.00	0.00	0.00	0.01		
Inventary	0.0	0.0	0.0	0.0	0.0	Other current assets	0.0	0.1	0.0	0.0	0.0	<b>Working capital</b>	0.1	0.0	(0.2)	1.9	2.9		
Other current assets	0.0	0.1	0.0	0.0	0.0	<b>Total current assets</b>	<b>2.0</b>	<b>1.6</b>	<b>3.0</b>	<b>8.2</b>	<b>19.6</b>	<b>WC/Sales (%)</b>	43.6%	8.0%	(15.5%)	35.1%	18.5%		
<b>Total current assets</b>	<b>2.0</b>	<b>1.6</b>	<b>3.0</b>	<b>8.2</b>	<b>19.6</b>	PPE	0.1	0.1	0.1	0.0	0.0	<b>Revenue growth</b>		42.1%	176.9%	336.1%	188.6%		
PPE	0.1	0.1	0.1	0.0	0.0	Intangibles and Goodwill	0.1	0.1	0.1	0.1	0.0	<b>EBIT growth pa</b>	n/a	n/a	n/a	n/a	(933.0%)		
Intangibles and Goodwill	0.1	0.1	0.1	0.1	0.0	Investments	0.0	0.0	0.0	0.0	0.0	<b>Pricing</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21F</b>	<b>FY22F</b>		
Investments	0.0	0.0	0.0	0.0	0.0	Deferred tax asset	0.0	0.0	0.0	0.0	0.0	No of shares (y/e)	(m)	494	521	613	671	671	
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	Other non current assets	0.0	0.0	0.4	0.4	0.4	Weighted Av Dil Shares	(m)	407	509	559	1,031	671	
Other non current assets	0.0	0.0	0.4	0.4	0.4	<b>Total non current assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	EPS Reported	cps	(0.4)	(0.4)	(0.5)	(0.1)	0.8	
<b>Total non current assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>Total Assets</b>	<b>2.1</b>	<b>1.7</b>	<b>3.5</b>	<b>8.7</b>	<b>20.1</b>	EPS Normalised/Diluted	cps	(0.4)	(0.4)	(0.3)	(0.1)	0.8	
<b>Total Assets</b>	<b>2.1</b>	<b>1.7</b>	<b>3.5</b>	<b>8.7</b>	<b>20.1</b>	Accounts payable	0.5	0.5	0.8	0.4	1.3	EPS growth (norm/dil)	n/a	n/a	n/a	n/a	(981.8%)		
Accounts payable	0.5	0.5	0.8	0.4	1.3	Short term debt	0.0	0.0	0.0	0.0	0.0	DPS	cps	-	-	-	-	-	
Short term debt	0.0	0.0	0.0	0.0	0.0	Tax payable	0.0	0.0	0.0	0.0	0.0	DPS Growth	n/a	n/a	n/a	n/a	n/a	n/a	
Tax payable	0.0	0.0	0.0	0.0	0.0	Deferred revenue	0.1	0.4	1.2	4.8	9.7	Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%		
Deferred revenue	0.1	0.4	1.2	4.8	9.7	<b>Total current liabilities</b>	<b>0.6</b>	<b>0.9</b>	<b>2.0</b>	<b>5.3</b>	<b>11.0</b>	Dividend imputation	0	0	0	0	0		
<b>Total current liabilities</b>	<b>0.6</b>	<b>0.9</b>	<b>2.0</b>	<b>5.3</b>	<b>11.0</b>	Long term debt	0.0	0.0	0.0	0.0	0.0	PE (x)	-	-	-	-	59.3		
Long term debt	0.0	0.0	0.0	0.0	0.0	Other non current liabs	0.0	0.0	0.3	0.3	0.3	PE market	18.0	18.0	18.0	18.0	18.0		
Other non current liabs	0.0	0.0	0.3	0.3	0.3	<b>Total long term liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	Premium/(discount)		(100.0%)	(100.0%)	(100.0%)	229.5%		
<b>Total long term liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>Total Liabilities</b>	<b>0.6</b>	<b>0.9</b>	<b>2.3</b>	<b>5.6</b>	<b>11.3</b>	EV/EBITDA	nm	nm	nm	nm	56.7		
<b>Total Liabilities</b>	<b>0.6</b>	<b>0.9</b>	<b>2.3</b>	<b>5.6</b>	<b>11.3</b>	<b>Net Assets</b>	<b>1.5</b>	<b>0.7</b>	<b>1.2</b>	<b>3.1</b>	<b>8.8</b>	FCF/Share	cps	(0.3)	(0.3)	(0.1)	0.5	1.4	
<b>Net Assets</b>	<b>1.5</b>	<b>0.7</b>	<b>1.2</b>	<b>3.1</b>	<b>8.8</b>	Share capital	5.7	6.8	9.2	11.7	11.7	Price/FCF share	(182.3)	(183.7)	(413.3)	107.4	34.9		
Share capital	5.7	6.8	9.2	11.7	11.7	Accumulated profits/losses	(5.7)	(7.6)	(10.2)	(10.8)	(5.1)	Free Cash flow Yield	(0.5%)	(0.5%)	(0.2%)	0.9%	2.9%		
Accumulated profits/losses	(5.7)	(7.6)	(10.2)	(10.8)	(5.1)	Reserves	1.5	1.6	2.2	2.2	2.2								
Reserves	1.5	1.6	2.2	2.2	2.2	Minorities	0.0	0.0	0.0	0.0	0.0								
Minorities	0.0	0.0	0.0	0.0	0.0	<b>Total Shareholder funds</b>	<b>1.5</b>	<b>0.7</b>	<b>1.2</b>	<b>3.1</b>	<b>8.8</b>								
<b>Total Shareholder funds</b>	<b>1.5</b>	<b>0.7</b>	<b>1.2</b>	<b>3.1</b>	<b>8.8</b>														

Source: RaaS Advisory



# 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: 26<sup>th</sup> November 2018**

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

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  - Securities
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  - Securities

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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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