

6th September 2021

Future First Technologies

Asset Vision secures three new contracts = \$305k

Future First Technologies Limited (ASX:FFT) is building a portfolio of digital assets that seek to make life simpler and safer. The company owns two key businesses, farmbuy.com and Asset Vision, which it respectively acquired in April and November 2020, and around 8% of a third business, 1derful.com.au. The company has announced today that Asset Vision's recently acquired EagleSoft had secured three new contracts totalling \$305k and had expanded the group's footprint to New Zealand. The New Zealand contract positions EagleSoft's AI-driven Automated Inventory and Defect Detection capability to be utilised in a bid for a much larger, ongoing road maintenance contract in New Zealand. In addition to the New Zealand contract, EagleSoft has been commissioned by one of its existing clients to undertake an audit of road safety barriers and one of Asset Vision's existing clients, Ventia, has commissioned EagleSoft to be used alongside Asset Vision on road maintenance contracts in Victoria, NSW and Queensland.

Business model

FFT generates its revenue from its fully-consolidated entities, Asset Vision and farmbuy.com. In the near term, Asset Vision's revenues and earnings will be the key driver of earnings and profitability. Asset Vision operates a SaaS model, generating enterprise contracts with corporates and government to digitally manage assets. Its contracts are usually 3-5 years in duration. Asset Vision's business began with state and local government responsible road authorities and their road maintenance contractors, with its cloud-based asset management platform delivering a simpler way to manage road inspections, schedule maintenance and capital works and optimising the authorities' asset register. The platform now spans assets across rail, buildings, utilities and parks and open spaces. The company has provided guidance on Asset Vision's revenues and gross profit out to FY25, which we addressed in our report of 2 September, [Upgrading forecasts & valuation on Asset Vision guidance](#). Farmbuy.com delivers an online marketplace for rural property agencies, buyers and sellers, attracting more than 1m unique visitors a year and on track to deliver an annualised revenue run-rate of more than \$1m by December 2021. Farmbuy.com recently launched a sister website, goregional.com.au to help Australians make the move to regional areas, showcasing 12,000+ regional properties for sale or lease and integrating with seek.com.au (ASX:SEK) to display 70,000+ regional jobs and has partnered with FarmGate Auctions to launch Farmbuy Livestock (announced 18 August).

EagleSoft acquisition delivering for Asset Vision

We recently upgraded our forecasts for Asset Vision following announced guidance from the company for revenues and gross profit out to FY25. We are forecasting, in line with company guidance, that Asset Vision delivers \$3.3m in revenue in FY22. The contract wins by EagleSoft help underpin these forecasts.

Base case DCF valuation is \$0.31/share, fully diluted

We use the discounted cashflow methodology to value FFT using a WACC of 14.5% (beta 1.9, terminal growth rate of 2.2%) and this derives an equity value of \$0.31/share, fully diluted for earnouts from the Eaglesoft acquisition. On the current share count, the valuation is \$0.35/share.

Historical earnings and RaaS Advisory estimates (in A\$m)

Year end	Total Revenue* (A\$m)	Gross Profit (A\$m)	EBITDA (A\$m)	NPAT (A\$m)	EPS (c)	EV/Sales (x)
06/21a	1.5	1.5	(1.5)	(2.0)	(0.45)	11.5
06/22e	4.0	2.5	(3.0)	(3.6)	(0.84)	5.4
06/23e	7.4	5.1	(2.2)	(2.4)	(0.51)	3.4
06/24e	11.0	7.8	(0.9)	(1.0)	(0.19)	2.1

Source: Company data, RaaS Advisory Estimates for FY22e, FY23e and FY24e

Share details

ASX Code	FFT
Share Price (intraday)	\$0.054
Market Capitalisation	\$23.0M
Shares on issue	425.9M
Net cash 30 Jun	\$5.9M
Free float	~68%

Share price performance (12-months)



Upside Case

- Transitioned to SaaS businesses with growth leverage
- Clean balance sheet, debt free
- Demonstrated commitment to delivering shareholder returns

Downside Case

- Little history on continuing businesses
- Farmbuy is still early stage and may require additional capital
- Asset Vision's enterprise clients have longer lead times (9-12 months) for making decisions

Catalysts

- Expansion of Farmbuy into additional agents, other business lines
- Conversion of Asset Vision's pipeline into contracts
- Further evidence of operational momentum

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FINANCIAL SERVICES GUIDE

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AFSL 456663

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

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