

Pointerra Ltd

Capital Raising

Capital raise shores up balance sheet

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 Software-as-a-Service (SaaS) platform which delivers predictive digital insights and definitive answers to complex physical asset management questions. Pointerra has raised \$2.05m (before costs) in a share placement at \$0.033/share to fund strategic initiatives in FY25, including recruitment of enterprise sales professionals and for general working capital purposes ([ASX release 30 May](#)). The raise was corner-stoned by three new and existing domestic and international institutional investors, including a US-based institutional investor with a background in global tech. The three corner-stone investors subscribed for \$1.45m of the raise. We had previously factored in a \$2.5m raise into our forecasts in H1 FY25 and have now adjusted our model to include the recent raise in our forecasts. Based on our estimates, we don't expect Pointerra to return to the market for additional equity before it reaches EBITDA break-even (H1 FY25 in our estimates). The capital raise has had negligible impact on our forecasts and our base-case valuation remains unchanged at \$0.31/share.

Business model

Pointerra's patented, cloud-deployed technology, and AI-driven algorithms create digital twins 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, 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.

Capital raised to provide more enterprise sales grunt

Pointerra has undertaken a non-underwritten, single tranche placement of 62.12m new shares to raise \$2.05m before costs. The new shares will be issued at a price of \$0.033/share, which is a 13% discount to the closing price on 27 May, the last day the shares traded before the trading halt and a 12% discount to the five-day volume-weighted average price. Pointerra says the placement will primarily be allocated to recruiting enterprise sales professionals to deliver on qualified opportunities from the sales pipeline across all sectors, to shrink sales cycles and expand sales reach via the new global channel partnerships. We had previously factored in a \$2.5m raise in H1 FY25 at \$0.03/share as our modelling showed that, based on our estimates, additional capital would be required before the company reached break even. We have incorporated the current raise in our estimates and no longer include a raise in H1 FY25. Based on our estimates, the current raise should be sufficient for Pointerra to reach EBITDA break-even in H1 FY25 without further recourse to the equity markets.

Base-case DCF valuation is \$0.31/share

We use the discounted cash-flow methodology to value Pointerra, using a WACC of 16.5% and terminal growth rate of 2.2%, and this derives a base-case valuation of \$0.31/share (please see our report of [7 May](#) for DCF calculation in full). In our view, continued evidence of contracted and recurring revenues should help underpin a recovery in the company's share price.

Historical earnings and RaaS' forecasts (in A\$m unless otherwise stated)								
Year end	Revenue	Gross profit	EBITDA adj.*	NPAT adj.	EPS (c)	EV/Sales (x)	EV/EBITDA (x)	PER (x)
06/22a	9.8	9.3	(0.02)	0.01	0.00	2.1	n.m.	n.m.
06/23a	7.3	6.4	(4.68)	0.39	0.00	3.3	n.m.	n.m.
06/24f	7.3	5.3	(4.81)	(5.70)	(0.78)	3.6	n.m.	n.m.
06/25f	13.8	11.7	1.50	1.44	0.18	1.9	17.0	20.2

Source: Company data, RaaS estimates for FY24f-FY25f; Adjusted for one-time and non-cash items

Software & Services

31 May 2024

Share Details

ASX code	3DP
Share price (30-May)	\$0.035
Market capitalisation	\$28.2M
Shares on issue (post raise)	805.1M
Net cash (post raise)	~\$2.8M

Share Performance (12 months)



Upside Case

- Highly scalable business model
- Proven track record with major US utilities is leading to new opportunities in US
- Substantial growth opportunities in US market

Downside Case

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

Catalysts

- Meaningful growth in revenue and cash receipts
- Additional wins with US and Australian clients
- Demonstrated substantial growth in contracts

Board of Directors

Neville Bassett	Non-Executive Chairman
Damon Fieldgate	Non-Executive Director
Ian Olson	Managing Director/CEO

Company Interview

[Pointerra \(ASX:3DP\) RaaS Interview 7 May 2024](#)

Company Contact

Ian Olson (MD/CEO) +61 417 998 328
ian.olson@pointerra.com

RaaS Contact

Finola Burke* +61 414 354 712
finola.burke@raasgroup.com

*Analyst holds shares

Exhibit 1: Financial Summary

Pointerra Ltd						Share price (30 May 2024)						A\$		0.04
Profit and Loss (A\$m)						Interim (A\$m)								
Y/E 30 June	FY21A	FY22A	FY23A	FY24F	FY25F	H122A	H222A	H123A	H223A	H124A	H224F			
						3.2	7.4	4.1	4.3	2.4	4.8			
Sales Revenue	4.0	9.8	7.3	6.4	13.8	(1.2)	1.2	(3.5)	(1.2)	(3.7)	(1.1)			
Total Revenue	4.6	10.7	8.4	7.3	14.7	(1.3)	1.0	(3.6)	(1.3)	(3.7)	(1.2)			
Gross Profit	3.7	9.3	6.4	5.3	11.7	(1.3)	1.3	(3.6)	(1.3)	(3.7)	(1.2)			
EBITDA Adjusted	(1.1)	(0.02)	(4.7)	(4.8)	1.5	-	-	-	-	-	-			
Depn	(0.1)	(0.1)	(0.2)	(0.1)	(0.0)	(2.3)	(0.4)	(3.2)	(1.3)	(4.5)	(1.2)			
Amort	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	(0.20)	0.20	(0.52)	0.52	(0.53)	(0.15)			
EBIT Adjusted	(1.3)	(0.3)	(4.9)	(4.9)	1.5	(0.35)	(0.04)	(0.47)	(0.19)	(0.63)	(0.15)			
Interest	0.0	0.00	0.0	(0.0)	(0.0)	-	-	-	-	-	-			
Tax	0.0	0.29	0.0	0.0	0.0	-	-	-	-	-	-			
Minorities	0.0	0.00	0.0	0.0	0.0	(0.1)	(1.3)	(0.9)	(1.1)	(1.9)	(1.3)			
Equity accounted assoc	0.0	0.00	0.0	0.0	0.0	0.0	(1.2)	(0.9)	(1.1)	(1.9)	(1.3)			
NPAT pre significant items	(1.2)	0.01	0.0	(4.9)	1.4									
Significant items	(0.2)	(2.7)	0.4	(0.8)	0.0	3.2	6.6	3.8	3.5	2.4	3.9			
NPAT (reported)	(1.5)	(2.7)	0.4	(5.7)	1.4	0.1	0.8	0.2	0.8	0.0	0.9			
Cash flow (A\$m)														
Y/E 30 June	FY21A	FY22A	FY23A	FY24F	FY25F									
EBITDA	(1.1)	(0.0)	(4.7)	(4.8)	1.5	0.5	0.0	0.4	0.6	0.4	0.7			
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	2.8	7.4	3.7	3.7	2.0	4.2			
Tax	0.0	0.0	0.0	0.0	0.0	(0.3)	0.1	(0.3)	(0.3)	(0.3)	(0.3)			
Working capital changes	0.9	(1.3)	2.7	1.6	(1.1)	(2.6)	(3.7)	(3.8)	(3.1)	(3.8)	(3.4)			
Operating cash flow	(0.3)	(1.4)	(2.0)	(3.2)	0.4	(0.7)	(1.6)	(2.9)	(0.3)	(1.3)	(1.4)			
Mtce capex	(0.1)	(0.2)	(0.0)	(0.0)	(0.0)	(0.3)	(1.1)	(0.3)	(1.2)	(0.3)	(0.3)			
Free cash flow	(0.4)	(1.6)	(2.0)	(3.3)	0.4	(1.2)	1.2	(3.5)	(1.2)	(3.7)	(1.1)			
Growth capex	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)									
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0		FY21A	FY22A	FY23A	FY24F	FY25F			
Other	0.0	0.0	0.0	0.0	0.0		(28.9%)	(0.2%)	(63.9%)	(75.5%)	10.9%			
Cash flow pre financing	(0.4)	(1.6)	(2.0)	(3.3)	0.4		(32.0%)	(3.1%)	(66.2%)	(77.2%)	10.5%			
Equity	3.3	0.0	0.0	5.1	0.0		(31.0%)	0.1%	0.0%	(76.4%)	10.4%			
Debt	0.0	0.0	0.0	0.0	0.0		4.8	3.2	1.2	2.8	3.2			
Dividends paid	0.0	0.0	0.0	0.0	0.0	(x)	n/a	n/a	n/a	n/a	2.1			
Net cash flow for year	2.9	(1.6)	(2.0)	1.8	0.4	(%)	2389.2%	(7884.3%)	43.0%	67.8%	103.1%			
Balance sheet (A\$m)						(x)	n/a	n/a	n/a	n/a	0.0			
Y/E 30 June	FY21A	FY22A	FY23A	FY24F	FY25F									
Cash	5.2	3.6	1.5	3.1	3.5	ROA	(21.4%)	(3.8%)	(78.7%)	(104.8%)	26.2%			
Accounts receivable	1.1	3.5	2.7	1.1	2.4	ROE	(50.7%)	(67.4%)	45.1%	389.8%	(230.6%)			
Inventory	0.0	0.0	0.0	0.0	0.0	ROIC	(75.9%)	32.7%	127.7%	132.4%	(69.9%)			
Other current assets	0.0	0.0	0.1	0.1	0.1	NTA (per share)	0.00	0.00	n/a	n/a	n/a			
Total current assets	6.2	7.1	4.3	4.3	6.0	Working capital	(0.7)	1.3	0.1	(1.6)	(0.6)			
PPE	0.2	0.2	0.1	0.1	0.1	WC/Sales (%)	(16.5%)	13.0%	1.5%	(25.6%)	(4.2%)			
Intangibles and Goodwill	1.6	0.1	0.1	0.1	0.1	Revenue growth	224.4%	146.0%	(25.2%)	(13.2%)	116.6%			
Investments	0.0	0.0	0.0	0.0	0.0	EBIT growth pa	n/a	n/a	n/a	n/a	(129.5%)			
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	Pricing		FY21A	FY22A	FY23A	FY24F	FY25F		
Other non current assets	0.3	0.3	0.2	0.2	0.2	No of shares (y/e)	(m)	678	678	714	806	806		
Total non current assets	2.1	0.5	0.4	0.4	0.4	Weighted Av Dil Shares	(m)	640	678	-	58	806	806	
Total Assets	8.4	7.7	4.7	4.7	6.4									
Accounts payable	1.7	2.2	2.6	2.8	3.0	EPS Reported	cps	(0.2)	(0.4)	(0.7)	(0.8)	0.2		
Short term debt	0.1	0.1	0.1	0.1	0.1	EPS Normalised/Diluted	cps	(0.2)	0.0	0.0	(0.7)	0.2		
Tax payable	0.0	0.0	0.0	0.0	0.0	EPS growth (norm/dil)		n/a	(100.5%)	(100.0%)	n/a	(126.3%)		
Deferred revenue	1.4	1.7	3.4	3.0	3.0	DPS	cps	-	-	-	-	-		
Total current liabilities	3.2	4.0	6.0	5.8	6.1	DPS Growth		n/a	n/a	n/a	n/a	n/a		
Long term debt	0.3	0.3	0.2	0.2	0.2	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%		
Other non current liabs	0.3	0.1	0.0	0.0	0.0	Dividend imputation		0	0	0	0	0		
Total long term liabilities	0.6	0.4	0.2	0.2	0.2	PE (x)		-	-	-	-	20.3		
Total Liabilities	3.8	4.4	6.3	6.0	6.3	PE market		18.0	18.0	18.0	18.0	18.0		
Net Assets	4.6	3.3	(1.6)	(1.3)	0.1	Premium/(discount)		(100.0%)	(100.0%)	(100.0%)	(100.0%)	12.6%		
						EV/EBITDA		nm	nm	5.2	5.4	17.0		
Share capital	13.8	13.8	13.9	19.1	19.1	FCF/Share	cps	(0.0)	(0.2)	-0.3	-0.4	0.1		
Accumulated profits/losses	(11.7)	(14.4)	(18.8)	(24.6)	(23.2)	Price/FCF share		(167.3)	(19.9)	-	12.8	-	9.0	61.9
Reserves	2.5	3.8	3.4	4.2	4.2	Free Cash flow Yield		(0.6%)	(5.0%)	(7.8%)	(11.1%)	1.6%		
Minorities	0.0	0.0	0.0	0.0	0.0									
Total Shareholder funds	4.6	3.3	(1.6)	(1.3)	0.1									

Source: RaaS estimates; Company data for actuals

FINANCIAL SERVICES GUIDE

RaaS Research Group 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

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Contact Details, BR and RaaS

BR Head Office: Level 1, 160 Edward Street, Brisbane, QLD, 4000 www.brsecuritiesaustralia.com.au

RaaS: c/- Rhodes Docherty & Co Pty Ltd, Suite 1, Level 1, 828 Pacific Highway, Gordon, NSW, 2072.

P: +61 414 354712

E: finola.burke@raasgroup.com

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