

Connected TV advertising exceeding expectations

Media & Advertising

20th June 2022

EngageTV is a demand-side automated advertising sales platform to harness connected TV audiences for brands, advertisers and agencies. It spearheads a business operated by Switch Digital Pty Ltd, an independent, privately-owned, mid-tier digital media and creative services agency. EngageTV is a holistic platform that targets audiences across connected TV channels, whether they be broadcast video-on-demand or streaming channels. Unlike linear television, which is paid for access to the audience reach it delivers, EngageTV charges advertisers only for completed views of their ads. The Switch Digital group, which incorporates EngageTV, Switch Digital, a data insights, media planning and buying and programmatic and native advertising agency, and Optimo Designs, a Melbourne-based creative agency, has been in operation for more than 13 years and has always been profitable, generating a CAGR of 10% from 2017 to 2021 in normalised NPAT. Engage TV, the newest venture in the integrated platform, has exceeded expectations in FY22 and is on track to report gross billings well ahead of our forecasts for \$0.95m. Our base-case valuation for the group is \$28.7m, which implies an EV/Sales multiple of 1.65x FY21a gross billings and 1.56x FY22f gross billings. A peer valuation, derived from the median EV/Revenue and EV/EBITDA multiples of seven ASX-listed media and advertising companies, would imply a valuation range of \$32.9m to \$36.7m.

Business model

Switch Digital operates an integrated business model with its three businesses, EngageTV, Switch Digital and Optimo Designs, providing advertising solutions across both shared and individual clients. The company generates a margin of ~30% on gross billings by its clients. Optimo Designs, a Melbourne-based creative agency with clients across government, property development, finance, fast-moving consumer goods (FMCG) and retail, has been in operation since 1998 and was acquired by Switch Digital in 2010. Switch Digital was established in 2007 by chairman Stuart Simson and provides data insights, media planning and buying, business intelligence, and programmatic and native advertising services to advertisers. EngageTV was established in 2021 to provide advertisers with access to all forms of connected TV and leverages off both Switch Digital's and Optimo's capabilities to present the full advertising experience for clients.

EngageTV exceeding expectations

Since we published our positioning paper [Switch Digital RaaS Positioning Paper 29 March 2022](#) EngageTV has made significant progress with its client base, with management reporting that it expects FY22 gross billings well ahead of our forecast for \$0.95m and approaching our FY23 forecast for \$1.95m. This has been driven by several new clients across the group and new features added to EngageTV's dashboard, including the ability to monitor daily reach across all devices within a household and the ability to deliver optimum frequency across all devices.

Valuation of \$28.7m equates to 1.65x FY21 gross revenues

We use the discounted cashflow methodology to value the group given the early-stage nature of EngageTV. Our valuation incorporates a 16% discount rate (previously 15.0%), which reflects the unlisted nature of the company, its relative size, but also the fact that the company has a proven track record of profitability. We arrive at a base-case valuation of \$28.7m which reflects a 12% CAGR in free-cashflows from 2022 to 2032 driven by a 5% CAGR in revenues from the core Switch Digital/Optimo businesses, and a 28% CAGR in revenues from EngageTV. A defined list of Australian-listed media peers yields a peer valuation range of \$32.9m and \$36.7m for Switch Digital on a median EV/Revenue and EV/EBITDA basis.

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

Year end	Gross billings	Gross profit	EBITDA adj.*	EBITDA rep.	NPAT adj.*	NPAT rep.	Implied EV/Revenue (x)
06/20a	14.2	4.6	1.4	1.7	1.3	1.3	2.0
06/21a	17.3	4.8	1.6	2.2	1.2	1.8	1.7
06/22f	18.4	5.4	1.9	1.9	1.3	1.3	1.6
06/23f	20.0	6.2	2.6	2.6	1.8	1.8	1.4

Source: Company data, RaaS Advisory estimates for FY22e and FY23e; *Adjusted for one-time, non-cash items, but includes directors' fees

Upside Case

- Long track record of profitability
- Benefiting from tailwinds in audiences switching away from linear to connected TV
- Delivering lower CPMs to advertisers

Downside Case

- Small player relative to most advertisers and media buying groups
- Alternative technologies could emerge
- Multiple connected TV platforms in the US which could become available in Australia

Board of Directors

Stuart Simson	Chairman/ Founder
Lee Stephens	Director/CEO, Switch Digital/EngageTV
Chelsea Parkinson	Director/CEO, Optimo Designs

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Key Developments Since March Initiation

Since our March initiation report, EngageTV and the Switch Digital group has progressed on several fronts including:

- Introducing household retargeting to the platform. This allows EngageTV to pick up all other devices in a household and manage how the ads are served to these devices to optimise reach and frequency;
- Has now signed 126 private programmatic marketplace deals, to further enhance its' supply of inventory;
- Has signed several new clients to worldwide advertising arrangements;
- Has delivered worldwide Connected TV buying deals for clients including one for non-alcoholic beverage brand across 23 markets internationally;
- Is undertaking a trial with a publisher with a view to striking a reseller agreement for the EngageTV platform;
- Has signed a CTV reseller agreement with a global programmatic advertising sales platform that enables media agencies to buy media from multiple publishers.

We expect these deals to more than underpin our current forecasts for the group which we have left unchanged at this point.

As a reminder, we provide an explanation below on the various businesses within the Switch Digital group and later discuss historical earnings and our forecasts.

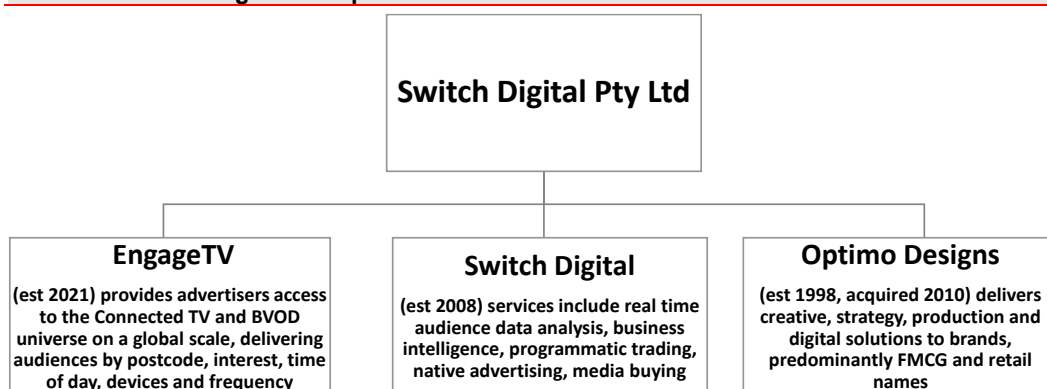
An Integrated Advertising And Analytics Group

Switch Digital is an integrated advertising and analytics group.

With EngageTV, it is servicing advertisers seeking to engage with television audiences via the broadcast video-on-demand programming channels of the traditional television networks, the connected TV platforms operated by YouTube, Amazon, eBay and others, and manufacturers of smart TVs which are also offering programming.

It operates three distinct businesses, EngageTV, Switch Digital, and Optimo Designs, and collectively there is a high level of collaboration between the three businesses across the client base. In 2021, 70% of the top-20 clients were shared between Switch and Optimo.

Exhibit 1: Switch Digital's Corporate Structure



Source: RaaS analysis

We discuss the key characteristics of each business below:

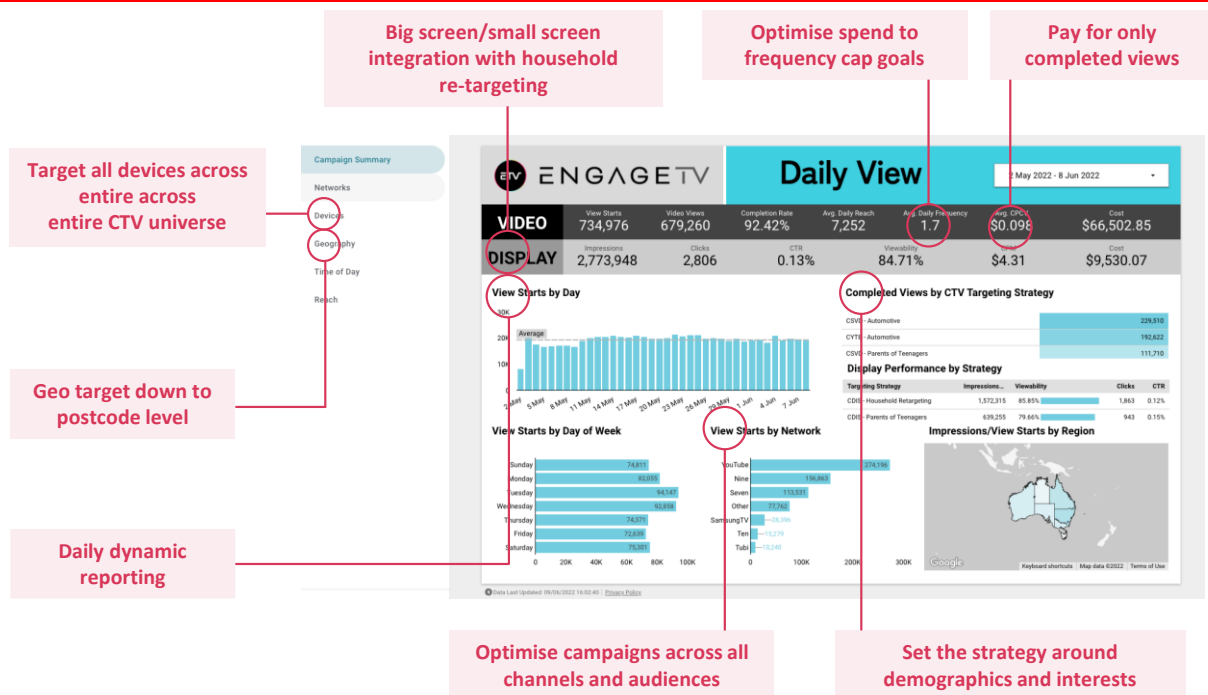
EngageTV

EngageTV is a demand-side, managed buying platform targeting audiences on CTV/BVOD channels globally. It accesses inventory across the entire connected TV universe, including the non-linear channels owned by the major Australian commercial TV networks (7, 9, 10, SBS) and other high-engagement content such as YouTube, the world's largest CTV provider, Amazon Twitch, Kayo, youth channels such as Crunchyroll and Tubi, ethnic channels such as YuppTV (Indian language) and emerging Smart TV channels (Samsung TV Plus and LG TV).

EngageTV provides advertisers with a dynamic dashboard which allows them to measure household reach and frequency goals and target specific devices across the entire CTV/BVOD universe. Rather than target channels, EngageTV targets audiences and optimises audiences across all channels, delivering a holistic audience engagement platform not achievable by engaging any individual network or content supplier. Advertisers can access audiences down to postcode level, at any time of day, across any device, and any channel.

This means the platform appeals to clients, large and small. For example, a major campaign has been conducted for a retail client with over 100 franchises down the east coast of Australia with the platform geo-targeting audiences within a 10km radius of each store. Other examples have included real estate agents targeting postcodes for individual properties and regional rural supply groups targeting a particular catchment area. The platform is therefore a targeted and affordable advertising medium for business without the wasted "reach" of linear TV networks. Indeed, to date the networks themselves have usually offered BVOD audiences as "incremental reach" to their linear audiences. Exhibit 2 below gives a good breakdown of the benefits of the EngageTV platform to advertisers.

Exhibit 2: Benefits of EngageTV to advertisers



Source: Company data

The platform also fully integrates into client CRM systems such as Salesforce and HubSpot. The platform qualified for an AusIndustry R&D Tax Incentive in FY20 and FY21.

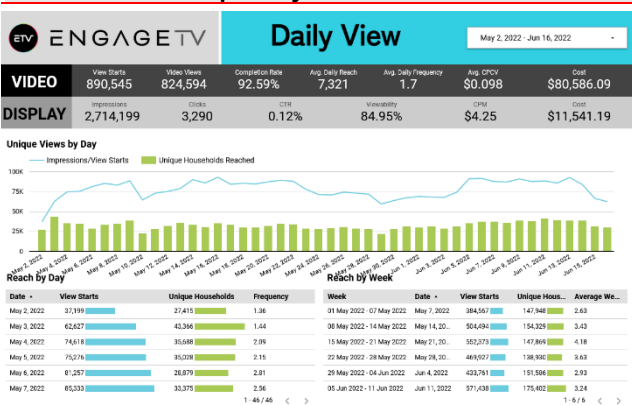
The current inventory connections are with the two dominant real-time programmatic marketing platforms, The Trade Desk (NASDAQ:TTD), and Google's Display & Video 360, however, EngageTV has been designed to integrate any future inventory source as the internet-TV market expands exponentially. Importantly, the Trade Desk and Google 360 also give EngageTV global reach to CTV audiences in developed markets.

The result is a holistic advertising approach to internet-based TV and content delivery across any screen size, however, particularly large screens in the household. The platform has also now been extended to capture any device in the home, using household IP addresses and a correlation coefficient to best determine the frequency for serving ads across devices in the home.

Unlike traditional linear television media buying, which charge for audience reach, EngageTV only charges advertisers for completed views of their ads. This results in a much more cost-effective campaign for advertisers.

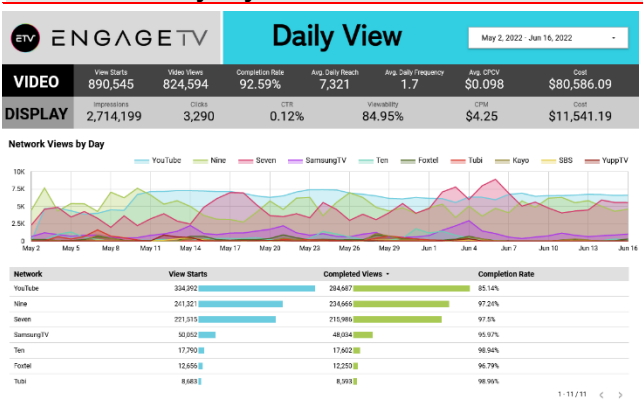
Following are four examples of EngageTV's dashboard "single view" for its clients. Exhibit 3 demonstrates the overview that is available to clients on the views per day across devices. This picks up connected TVs, PCs, tablets and mobile. Exhibit 4 shows the dashboard view showing the views by network each day of the campaign, while exhibit 5 provides the views by day and completion rate (which is what the client pays), and exhibit 6 depicts the views by location and postcode.

Exhibit 3: EngageTV dashboard view depicting overview of views per day on devices



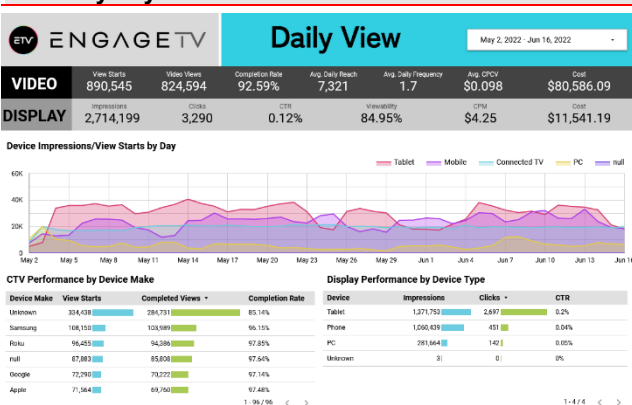
Source: Company data

Exhibit 4: EngageTV dashboard view depicting network views by day



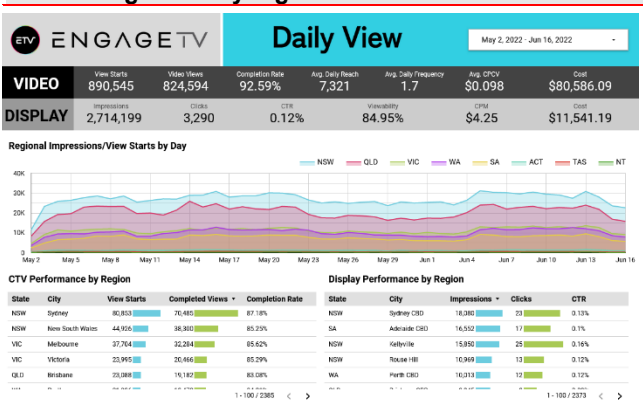
Source: Company data

Exhibit 5: EngageTV dashboard view depicting device views by day



Source: Company data

Exhibit 6: EngageTV dashboard breakdown of advertising views by region



Source: Company data

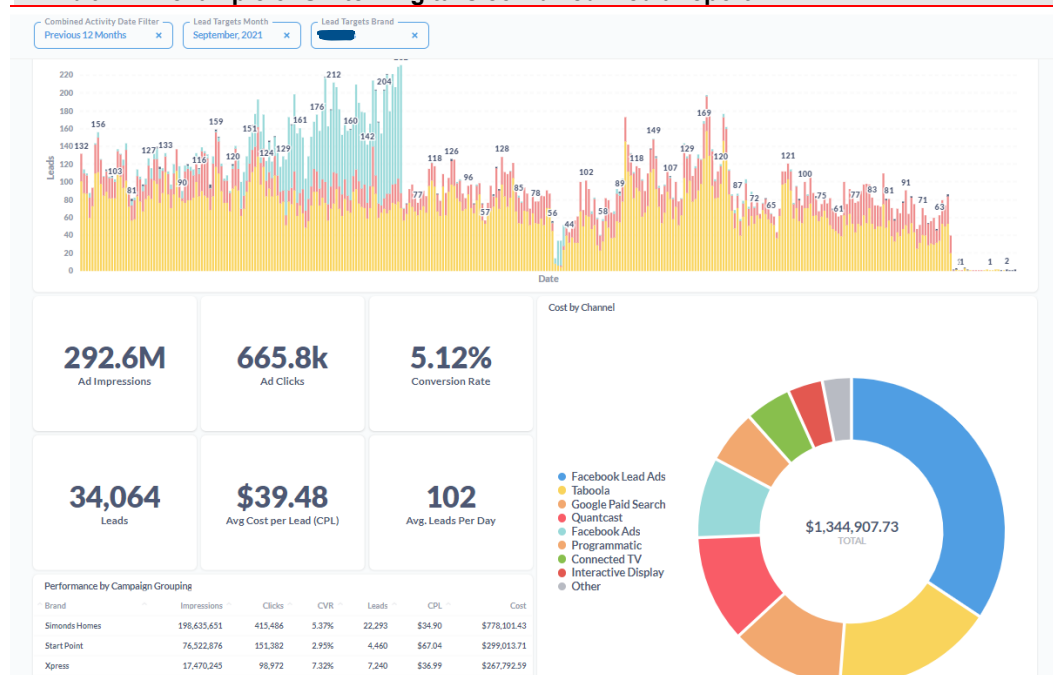
The platform has also recently been successfully stretch-tested on an international basis, providing CTV audiences across Australia, Ireland, the UK and the US for a spirits brand launch with more than 23 markets being targeted globally in mid-2022. Targeting and execution abilities are also particularly strong in New Zealand.

Switch Digital

Switch Digital provides data analytics, business intelligence and media buying services to its clients, which are both agencies and brands. It has its own trading team for programmatic and native advertising trading and its own in-house data analytics team. The company's programmatic trading desk is one of the largest independent digital media buyers in Australia. Switch performs treasury functions for agency clients, which assists in the timing differences between payments for campaign slots and reimbursement by brands; and independent agencies increasing use of the company's data analytics capabilities. The treasury function generates a small (~5%) margin for the group from independent agencies using the service. Switch employs 15 people across its various functions and shares these with EngageTV.

The group has developed a proprietary Audience Connect platform which allows clients to view and optimise, at a glance, the effectiveness of their ad campaigns across channels in near real-time. The exhibit below is an example of one of Switch Digital's combined media reports for a large customer. The top section shows daily lead acquisitions colour-coded for different brands. The pie-chart to the right demonstrates how Switch Digital breaks down complex media channels and allocates budget to achieve de-duplicated results for the client. Switch Digital noted that before engaging its services, this client was paying \$150.00 per lead. With Switch Digital, the average cost per lead reduced to \$39.48.

Exhibit 7: An example of Switch Digital's combined media report



Source: Company data

As a team, Switch has a track record of developing market-changing products. When at emitch Limited, Switch CEO Lee Stephens launched Columbus (Paid Search) that became the single largest profit centre at the time for Aegis (emitch's parent) regionally.

Optimo Designs

Optimo's client base is predominantly retail and fast-moving consumer goods (FMCG) companies, with most of its business generated by referrals. Optimo is a full-service creative agency focused on strategy, design and digital services. Its services suite includes: creative and production for TV campaigns, path-to-purchase creative, and digital campaigns; strategic services for branding, marketing, business and social media; and

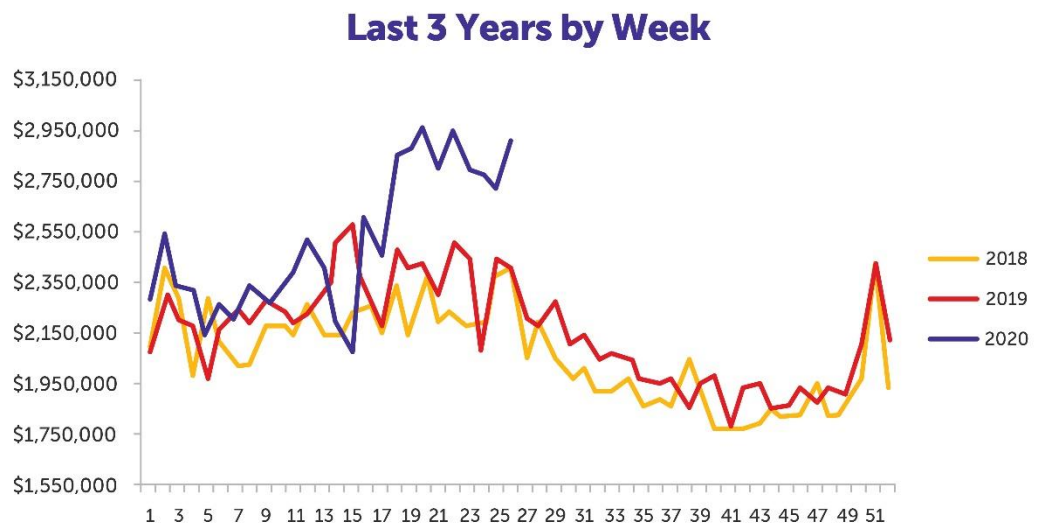
marketing services to help drive commercial sales strategies. One of the hallmarks of Optimo's business is the longevity of its client base. Many of the country's leading brands such as Nufarm, City of Melbourne, CBA, Lion now Bega, Saputo Dairy and Kailis Brothers have been Optimo clients for more than 10 years. Optimo currently has 25 employees in the team including 15 in design and creative and five in direct account engagement. Following is a case study in which Optimo and Switch collaborated to assist a client with its market messaging and audience engagement.

Optimo also provides a "fast creative" TV commercial production service for clients of EngageTV.

Case Study

A major Australian retail chain of 112 outlets was in decline in terms of both market share and understanding its core customer group. Optimo was asked to create a new brand and marketing strategy to arrest the decline in sales. The \$750m-a-year franchise network had experienced a 20% decline in sales in 2016-2019. Through a complex shopper research project Optimo uncovered key audience segments (personas) and a deep understanding of their attitudes and behaviours. Optimo redeveloped its branding, campaign strategy, timings including overarching brand messaging, frequency, media mix, and product categories that it could own in the marketplace. Switch Digital played a key role in driving e-commerce sales, social, CTV and search. The result was a 30% year-on-year improvement in sales by week 20 of the campaign cycle. This trend in sales uplift has continued for the past three years of around 34% growth y-o-y.

Exhibit 8: Case-study campaign results versus previous two-year performance



Source: Company data

Historical Earnings

Switch Digital has historically been a profitable and growing business. The company's top line (gross billings) is income before media costs (payments to publishers). This can be lumpy because it includes media billings with various levels of margin including some low-margin revenues which Optimo outsources to other suppliers. Accordingly, the company's net revenues are a more accurate guide to performance over time.

FY20 and FY21 were impacted by the COVID-19 pandemic due to a reduction in the marketing budgets of some clients, particularly spend on creative strategy and design, in those years. This, together with some of the low-margin revenues mentioned above, resulted in the net revenues margin reducing in these years.

In looking at EBITDA, we have adjusted FY20 and FY21 to remove JobKeeper and government cashflow payments, but have retained other potential adjustments such as directors' fees, redundancies and office relocation costs. Over FY17-FY21, these costs have averaged \$250,000 a year. If we were to strip these out of FY20 and FY21, EBITDA respectively would have been \$1.64m and \$1.85m.

Exhibit 9: Historical earnings and cashflow FY17-FY21 (in \$Am unless otherwise stated)						
Year ended June 30	FY17	FY18	FY19	FY20	FY21	
Gross billings	12.2	10.8	12.7	14.2	17.3	
Net revenue	4.6	4.7	5.0	4.6	4.8	
Margin %	38	43	39	33	28	
EBITDA adjusted*	1.1	1.2	1.7	1.4	1.6	
EBITDA margin %	9	11	14	10	9	
NPAT adjusted*	0.7	0.9	1.3	1.1	1.2	
NPAT margin %	6	8	10	7	7	
Operating cashflow	0.8	0.5	1.2	2.2	2.5	
Free cashflow	0.8	0.5	1.2	2.1	2.4	
Working capital	2.3	2.5	2.4	2.7	1.7	
Net cash	2.2	1.9	1.6	2.7	3.2	
ROIC %	6	7	11	8	7	

Source: Company data, RaaS analysis; *Adjusted for JobKeeper and government cashflow payments but not directors' fees or one-time costs such as office relocation or redundancies

RaaS Earnings Estimates

We have compiled earnings estimates for Switch Digital from FY22-FY32. Our forecasts are derived from conversations we have had with the management team on the near-term expectations for revenues, with longer-term growth forecasts taking into account the earlier-stage nature of EngageTV and likely higher growth trajectory together with a more modest growth rate of 5% for the core Switch Digital/Optimo Designs business. Our forecasts incorporate a 10-year CAGR growth profile of 28% for EngageTV's gross billings and 5% for Switch Digital/Optimo. We are forecasting a 10-year CAGR in operating costs of 3.0% over the same period. The following exhibit sets out our forecasts for FY22-FY26.

Exhibit 10: Earnings estimates for Switch Digital FY21a and FY22-FY26e (in \$Am unless otherwise stated)						
Year ending 30 June	FY21a	FY22e	FY23e	FY24e	FY25e	FY26e
EngageTV gross billings	0.0	0.95	1.91	3.43	5.15	6.70
Switch Digital/Optimo Designs gross billings	17.35	17.43	18.14	19.04	19.99	20.99
Total gross billings	17.35	18.39	20.04	22.48	25.15	27.69
Net income (gross profit)	4.83	5.42	6.15	6.92	7.87	8.81
Gross profit margin %	28	30	31	31	31	32
EBITDA underlying*	1.63	1.88	2.58	3.24	4.08	4.90
EBIT underlying*	1.58	1.86	2.56	3.22	4.06	4.88
NPAT underlying*	1.16	1.31	1.81	2.28	2.87	3.46

Source: Company data for actual, RaaS estimates; *Underlying excludes government payments such as JobKeeper and cashflow boost but includes directors' fees and expenses such as office relocation

Peer Comparison

We have identified seven ASX-listed companies focused on the advertising, analytics or social media engagement and marketing sectors. All fall into the small-to-microcap space and, as such, are competing for the attention of investors focused on this end of the market. The companies are as follows:

Crowd Media Holdings Ltd, formerly Crowd Mobile Limited, is a tech-based, vertically integrated social commerce business selling products and services to its customers. The company has an extensive digital influencer marketing agency and an influencer commerce platform.

Enero Group has an international network of marketing and communications businesses engaged in strategy, market research and insights, advertising, digital, public relations, communications planning, design, events management, direct marketing, corporate communications and programmatic media. It operates through its seven subsidiaries, including BMF, a creative and content business, CPR and Hotwire, PR and integrated communications operations, and The Digital Edge, The Leading Edge, OB Media and Orchard, which provide digital, data, analytics and technology services.

Gratifi, formerly Mobecom, delivers digital customer engagement solutions to brands. Its software-as-a-service (SaaS) platform, Mosaic, powers enterprise loyalty and reward programs. Gratifi focuses on the retail, hospitality, telecom, banking, insurance and financial services sectors. It offers services for consumer engagement, content management and creation, and management of loyalty ecosystems.

Motio is a digital place-based and location intelligence media company using first-party data, live venue-based analytics and government statistical data to provide brands with in-context data and audiences with relevant digital campaigns. It operates two segments: cross-track digital system installation and maintenance (XTD); and media sales (Media Advertising).

Netccentric delivers a range of social media and marketing services to brands including its influencer platform which delivers content across multiple social media platforms, its video marketing and creative design services, a social media agency, digital asset production and its performance marketing agency. The company is predominantly focused in SE Asia.

Pureprofile is a data analytics, consumer insights and media buying company. It generates its revenue from providing data analytics and consumer insights derived from its actively managed panels of digital members access through its proprietary technology platform and also has a media arm which executes advertising campaigns for clients.

Plexure Group Limited, formerly VMob Group Limited, owns a digital marketing technology platform that analyses purchases and contextual data and tailors messaging to individual customers. The Plexure platform allows its corporate customers to measure every purchase transaction, alongside real-time data, such as location and weather conditions. Its platform consists of features, including analytics, adaptive machine learning, campaign manager, workflow builder, media library, consumer manager, content manager and push messaging.

As the following exhibit highlights, the peers are currently trading on a median EV/Sales multiple (FY21 sales) of 1.9x, with a range of 0.5x-3.3x. Using the 1.9x sales multiple, we arrive at a peer valuation of \$32.9m, which is at a premium to our DCF valuation discussed below. Three of the companies generate operating profit (EBITDA), delivering a median EV/EBITDA multiple of 22.5x, which reflects the fact that two of these companies are early in their profitability. Applying this EV/EBITDA multiple to the FY21 EBITDA of \$1.6m, we arrive at a peer valuation of \$36.7m.

Exhibit 11: Australian-listed peer comparison

Company	Code	Market capitalisation (A\$m)	Enterprise value (A\$m)	EV/Sales (x)	EV/EBITDA (x)	GP margin (%)
Crowd Media Holdings	CM8	15.8	14.9	2.1	na	32.7%
Enero Group	EGG	234.2	195.3	0.5	4.0	68.6%
Gratifi	GTI	15.7	18.1	3.3	22.5	28.2%
Motio	MXO	11.3	7.0	2.3	na	20.4%
Netcentric	NCL	19.8	14.5	1.3	na	24.1%
Pureprofile*	PPL	43.2	44.7	1.5	27.0	38.9%
Plexure Group	PX1	67.9	63.4	1.9	na	na
Median		19.8	18.1	1.9	22.5	30.5%

Source: Refinitiv Eikon, RaaS analysis; Prices at 15 June 2022; *Pureprofile is a RaaS Research client

DCF Valuation

We have used the discounted cashflow methodology to value Switch Digital, arriving at a base-case valuation of \$28.7m with the terminal value accounting for one-third of the valuation. As a sense check, our valuation implies an EV/Sales multiple of 1.65x on the company's FY21 gross billings and an EV/EBITDA multiple of 17.5x FY21. Both these multiples are below those of the peer group discussed above.

The weighted average cost of capital (WACC) used in our valuation is 16.0% (previously 15.0%) and derived from using an equity risk premium of 6.75% (which is in line with the recommended market risk premium published by KPMG in March 2020)¹, a risk-free rate of 3.5% (previously 2.0%).

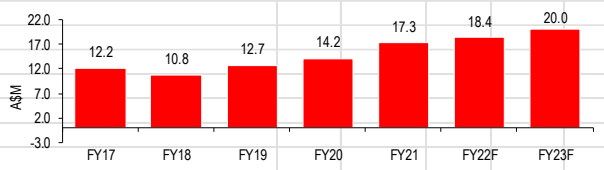
Exhibit 12: Base-case DCF valuation

Parameters	Outcome
Discount rate	16.0%
Terminal growth rate assumption	2.20%
Sum of PV (A\$m)	16.7
PV of terminal value (A\$m)	8.8
PV of enterprise (A\$m)	25.5
Debt (Cash)	(3.2)
Net value – shareholder (A\$m)	28.7

Source: RaaS estimates

¹ KPMG (<https://assets.kpmg/content/dam/kpmg/nl/pdf/2020/services/equity-market-risk-premium-research-summary-march-2020.pdf>)

Exhibit 13: Financial Summary

Switch Digital											
Profit and Loss (A\$m)						Gross Advertising Sales FY17-FY21A and FY22-FY23F					
Y/E 30 June	FY19A	FY20A	FY21A	FY22F	FY23F						
Revenue (Gross advertising Sales)	12.7	14.2	17.3	18.4	20.0						
Gross Profit (Net Revenue)	5.0	4.6	4.8	5.4	6.2						
EBITDA	1.7	1.4	1.6	1.9	2.6						
Depn	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)						
Amort	0.0	0.0	0.0	(0.0)	(0.0)						
EBIT	1.7	1.4	1.6	1.9	2.6						
Interest	0.0	0.0	0.0	0.0	0.0						
Tax	(0.5)	(0.3)	(0.4)	(0.6)	(0.8)						
Minorities	0.0	0.0	0.0	0.0	0.0						
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0						
NPAT pre significant items	1.3	1.1	1.2	1.3	1.8						
One time items inc forex gain/losses	(0.0)	0.2	0.6	0.0	0.0						
NPAT (reported)	1.2	1.3	1.8	1.3	1.8						
Balance sheet (A\$m)						Cash flow (A\$m)					
Y/E 30 June	FY19A	FY20A	FY21A	FY22F	FY23F	Y/E 30 June	FY19A	FY20A	FY21A	FY22F	FY23F
Cash	1.6	2.7	3.2	5.2	6.9	EBITDA	1.7	1.4	1.6	1.9	2.6
Accounts receivable	3.5	2.6	3.4	3.0	3.3	Interest	0.0	0.0	0.0	0.0	0.0
Inventory	0.1	0.0	0.0	0.0	0.0	Tax	(0.5)	(0.2)	(0.6)	(0.6)	(0.8)
Other current assets	0.7	0.7	0.9	0.9	0.9	Working capital changes	(0.1)	1.0	1.4	0.6	(0.1)
Total current assets	5.9	6.0	7.5	9.1	11.0	Operating cash flow	1.2	2.2	2.5	2.0	1.7
PPE	0.2	0.2	0.2	0.2	0.2	Mtce capex	0.0	0.0	0.0	(0.0)	(0.0)
Goodwill	16.0	16.0	20.0	20.0	20.0	Free cash flow	1.2	2.2	2.5	2.0	1.7
Investments	0.0	0.0	0.0	0.0	0.0	Growth capex	(0.0)	(0.1)	(0.1)	0.0	0.0
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0	Other	0.0	0.0	0.0	0.0	0.0
Total non current assets	16.2	16.2	20.2	20.2	20.2	Cash flow pre financing	1.2	2.1	2.4	2.0	1.7
Total Assets	22.0	22.2	27.7	29.3	31.2	Equity	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.1	1.2	1.7	1.9	2.0	Debt	0.0	0.0	0.0	0.0	0.0
Short term debt	0.0	0.0	0.0	0.0	0.0	Dividends paid	(1.5)	(1.0)	(1.8)	0.0	0.0
Tax payable	0.2	0.3	0.1	0.1	0.1	Net cash flow for year	(0.3)	1.1	0.6	2.0	1.7
Other current liabilities	2.2	1.8	4.1	4.1	4.1						
Total current liabilities	3.5	3.3	5.9	6.1	6.2	Margins, Leverage, Returns	FY19A	FY20A	FY21A	FY22F	FY23F
Long term debt	0.0	0.0	0.0	0.0	0.0	EBITDA	13.7%	10.1%	9.4%	10.2%	12.9%
Other non current liabs	2.9	2.9	1.7	1.7	1.7	EBIT	13.3%	9.6%	9.1%	10.1%	12.8%
Total long term liabilities	2.9	2.9	1.7	1.7	1.7	NPAT pre significant items	9.8%	7.5%	6.7%	7.1%	9.0%
Total Liabilities	6.3	6.2	7.5	7.8	7.9	Net Debt (Cash)	(1.60)	(2.68)	(3.25)	(5.20)	(6.89)
Net Assets	15.7	16.1	20.2	21.5	23.3	Net debt/EBITDA (x)	(0.91)	(1.87)	(1.99)	(2.77)	(2.67)
Share capital	4.3	4.3	4.3	4.3	4.3	ND/ND+Equity (%)	(9.2%)	(14.3%)	(13.8%)	(19.5%)	(22.8%)
Accumulated profits/losses	0.1	0.5	0.6	2.0	3.8	EBIT interest cover (x)	na	na	na	na	na
Reserves	11.2	11.2	15.2	15.2	15.2	ROA	6.8%	6.2%	6.3%	6.5%	8.5%
Minorities	0.0	0.0	0.0	0.0	0.0	ROE	7.9%	8.2%	9.7%	6%	8%
Total Shareholder funds	15.7	16.1	20.2	21.5	23.3	ROIC	11.2%	7.6%	6.6%	7.0%	14.5%
						Working capital	2.50	1.50	1.78	1.14	1.27
						WC/Sales (%)	19.6%	10.6%	10.3%	6%	6%
						Revenue growth	17.8%	11.3%	22.2%	6%	9%
						EBIT growth pa	8%	-19%	15%	18.2%	38%

Source: RaaS Advisory

Appendix – Glossary Of Terms

CTV - Connected TV specifically refers to televisions which have access to an internet connection and can load or stream digital content. This includes smart TVs, where the internet connection is built-in, and standard TVs that are connected to the internet via smart devices.

Linear TV refers to the traditional free-to-air television channels which are licensed by the federal government to broadcast over terrestrial transmission systems.

OTT – Over-the-Top encompasses content distributed directly to viewers over the internet, whether it is streamed TV such as SBS On Demand, 7Plus, 9Now, 10Play, or streaming content providers such as Netflix, Stan, Prime Video, Samsung TV Plus, or pay-television streaming channels such as Kayo or Binge.

BVOD - Broadcast Video-on-Demand is live or catch-up programming accessed via the internet from the broadcast networks (SBS On Demand, 7Plus, 9Now, 10Play) on any device.

Pay TV refers to traditional pay television services whereby channels are available to view by subscription. Content is televised on a schedule.

VOD – Video-on-Demand is video content available to be accessed via the internet whenever viewers want, including subscription, ad-supported and public-funded services.

SVOD - Subscription Video-on-Demand is where viewership of video content occurs over-the-top through a service that requires a paid subscription. Often this model does not have advertising and funding is secured through subscription fees. Examples include Netflix, Stan, Binge, Prime Video, Kayo.

AVOD – Ad Supported Video-on-Demand is where viewership of video content occurs over-the-top through an internet service that does not require a paid subscription and is instead funded by advertising. Examples include YouTube, Amazon Twitch, Samsung TV Plus, Pluto TV, plus free-to-air BVOD services SBS On Demand, 7Plus, 9Now, 10Play.



FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

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Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

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