

18 April 2023

## Pointerra

### Investment in human capital signals a step-change

Pointerra Ltd (ASX:3DP) provides a powerful cloud-based solution (Pointerra3D) for managing, visualising, analysing, using, and sharing massive 3D point clouds and datasets. The company has taken 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. The Pointerra3D suite of solutions spans target sectors including survey and mapping; architecture, engineering, and construction (AEC); utilities; transport; resources; and defence and intelligence. Pointerra has provided a trading update on the March quarter noting that it had generated cash receipts of \$3.3m, compared with \$1.9m in Q2 FY23 and delivered a positive cash quarter. Q3 cash receipts were also up 30% on the previous corresponding period. This brings cash receipts, year to date, to \$8.67m, 40% ahead of the same period in FY22. Pointerra also announced that it had made three key appointments, with the hiring of Joe Gerczak who commenced as Chief Growth Officer (US operations) in early April, Anthony Roe, who joins as Chief Growth Officer (Australasia and EMEA) in July and Milan Bogunovic, the company's new CFO, commencing in May. We view the creation of these new roles and appointments as an important step-change for the business in its lifecycle.

### 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 and sharing, visualisation and management of data, Analytics creates the digital twin for the physical world, analyses and classifies the data, while Answers creates predictive insights and delivers business intelligence, risk mitigation and ESG improvement suggestions to users. Pointerra charges its clients on the amount of data (in terabytes), the number of users and the analytic tools that clients use.

### Positive cashflow expected to continue in Q4

Pointerra has announced a rebound in cash receipts in Q3, having experienced a number of programme delays with key US customers in H1 FY23. At that time, the company noted that it expected to resolve these delays in Q3 and Q4 FY23. Q3 saw cash receipts of \$3.3m, compared with \$1.9m in Q2 FY23 and \$2.36m in Q3 FY22, and delivered a cashflow positive quarter, a trend which Pointerra expects to continue in Q4 FY23 and beyond. More detail on the quarter will be provided on April 28, along with an Annual Contract Value update, which, Pointerra reiterated, is not expected to be lower than the US\$20.1m reported on 1 November 2022. Pointerra has also announced the creation of three new executive roles and appointments, strengthening the revenue-generating business development teams in both the US and Australia and financial reporting and management at the company. Joe Gerczak, CGO (US operations), joins from Smartronix, a next-gen IT solutions company focused on US defence and commercial customers, which he helped build from start-up to US\$800m in annual revenue. Anthony Roe, CGO (Australasia and EMEA), brings several years' experience in senior leadership roles including at IBM Europe with a focus on Utilities, Nuclear and Transport Infrastructure. Milan Bogunovic, a chartered accountant, brings a strong audit background and will focus on the company's internal controls and reporting across international operations.

### Base case valuation is \$0.40/share, fully diluted

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

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

Year end	ACV <sup>a</sup> (US\$m)	Total Revenue	Gross Profit	EBITDA (A\$m)	NPAT (A\$m)	EPS (c)	EV/Sales (x)	EV/EBITDA (x)
06/22a	18.2	9.8	8.9	0.0	0.0	0.00	6.3	nm
06/23f	23.6	11.1	10.1	(3.7)	(3.8)	(0.56)	5.5	nm
06/24f	31.5	19.5	17.7	2.8	1.9	0.21	2.9	20.1
06/25f	41.0	29.2	26.6	6.5	4.5	0.66	1.9	8.4

Source: Company data, RaaS Advisory Estimates for FY21e, and FY22e <sup>a</sup>Annual Contract Value

### Share Details

ASX code	3DP
Share price (intraday)	\$0.125
Market capitalisation	\$84.8M
Shares on issue	678M
Net cash at 31-Dec-2022	\$2.7M
Free float	~68%

### Share Price Performance (12-months)



### Upside Case

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

### Downside Case

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

### Catalysts

- Demonstrated substantial growth in ACV

- Additional wins with US and Australian clients
- Development of data marketplace

### 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

\*The analyst holds shares

## FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6<sup>th</sup> May 2021

## About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

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

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto:finola.burke@raasgroup.com)

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

**What Financial Services are we authorised to provide?** RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

The distribution of this FSG by RaaS is authorized by BR.

## Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

## Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

## How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

## Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

## Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

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.

## Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

#### DISCLAIMERS and DISCLOSURES

This report has been commissioned by Pointerra Ltd prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory has been paid a fee to prepare this report. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2023 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.