

Asset Vision secures a multi-year contract with Ventia

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 convertible notes in a third business, 1derful.com.au. The company has announced this week that Asset Vision has secured a multi-year contract, with an initial value in excess of \$2m, with national utilities contractor Ventia Pty Ltd, for its roads portfolio. The initial contract is to supply the Asset Vision platform across some of Ventia's road maintenance contracts for a three + two-year term, with the potential to expand it to other Ventia Road contracts. The contract win extends Asset Vision's footprint across 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. Asset Vision is profitable, generating around \$1.6m in revenue and \$0.4m in NPAT in FY20. Farmbuy.com delivers an online marketplace for rural property agencies, buyers and sellers. It is relatively early stage but now has more than 380 rural property agents using its portal and is securing more than 200,000 users per month

Ventia win will underpin our Asset Vision revenue forecast

As we highlighted in our recent initiation report, [Future First Technologies RaaS Positioning Paper 12 April 2021](#), we view Asset Vision as the near term revenue driver for the company. Our expectation is for Asset Vision to deliver around 70% of group revenues in FY22 and 62% longer term. We are forecasting sales revenue of \$1.65m in FY21, \$1.9m in FY22 and \$2.6m in FY23. The Ventia win, contributing \$2m over three years, cements our forecasts for the business. The opportunity for Asset Vision is to extend the contract to other Ventia road maintenance contracts and, potentially, to other Ventia-managed assets. Ventia's client base extends across all major industries including Defence, Telecommunications, Rail, Property, Oil & gas, Mining, Local Government, Health and Education.

Base case DCF valuation is \$0.17/share

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 \$0.17/share. Our model incorporates earnings forecasts for both Asset Vision and farmbuy.com with the investment in 1derful at face value. Further contract wins by Asset Vision will add upside potential to our base case valuation.

Earnings History and RaaS' Estimates						
Year end	Total Revenue (A\$m)	Gross Profit (A\$m)	EBITDA(A\$m)	NPAT (A\$m)	EPS (c)	EV/Sales (x)
06/20a	51.1	51.1	5.2	3.8	0.61	0.7
06/21e	1.2	1.1	(3.2)	(4.6)	(1.69)	19.2
06/22e	2.6	2.4	(3.2)	(3.6)	(0.90)	10.0
06/23e	4.3	3.7	(2.3)	(2.4)	(0.59)	7.6

Source: RaaS Advisory Estimates for FY21e, FY22e and FY23e, Company Data for historical earnings

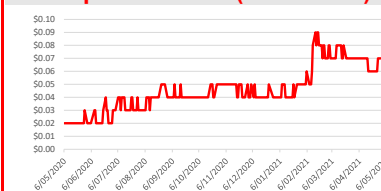
Software & Services

7th May 2021

Share details

ASX Code	FFT
Share price (6 th May)	\$0.073
Market Capitalisation	\$29.3M
Shares on issue	400.4M
Net cash 31 Dec 2020	~\$9.3M

Share 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 more 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

Board of Directors

Renata Squario	Non-Executive Chair
Keith Falconer	Managing Director
Nicole Ferro	Non-Executive Director
Nicholas Chan	Non-Executive Director

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Exhibit 1: Financial Summary

Future First Technologies (FFT)						Share price (6 May 2021)						A\$	0.07				
Profit and Loss (A\$m)						Interim (A\$m)						H121F	H221F	H122F	H222F	H123F	H223F
Y/E 30 June	FY20A	FY21F	FY22F	FY23F	FY24F	Revenue	1.0	0.9	1.1	1.5	1.9	2.4					
Sales revenue	51.1	1.2	2.6	4.3	6.8	EBITDA	(1.5)	(1.8)	(1.7)	(1.5)	(1.3)	(1.1)					
Total Revenue	54.5	2.0	2.6	4.3	6.8	EBIT	(4.9)	(2.0)	(1.9)	(1.7)	(1.5)	(1.2)					
Gross Profit	51.1	1.1	2.4	3.7	5.9	NPAT (normalised)	(5.6)	(2.0)	(1.9)	(1.7)	(1.5)	(0.9)					
EBITDA	5.2	(3.2)	(3.2)	(2.4)	(0.9)	Minorities	0.0	0.0	0.0	0.0	0.0	0.0					
Depn	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	NPAT (reported)	(11.2)	(2.0)	(1.9)	(1.7)	(1.5)	(0.9)					
Amort	(0.4)	(0.7)	(0.4)	(0.4)	(0.3)	EPS (normalised)	(2.4)	(0.5)	(0.5)	(0.4)	(0.4)	(0.2)					
EBIT	4.6	(4.0)	(3.7)	(2.8)	(1.2)	EPS (reported)	(2.4)	(0.5)	(0.5)	(0.4)	(0.4)	(0.2)					
Interest	(1.1)	(0.2)	0.0	(0.0)	(0.1)	Dividend (cps)	0.0	0.0	0.0	0.0	0.0	0.0					
Tax	0.4	(0.5)	0.0	0.4	0.4	Imputation	0.0	0.0	0.0	0.0	0.0	0.0					
Minorities	0.0	0.0	0.0	0.0	0.0	Operating cash flow	(0.7)	(2.1)	(1.9)	(1.6)	(1.5)	(1.2)					
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Free Cash flow	(0.7)	(2.2)	(1.9)	(1.6)	(1.5)	(1.3)					
NPAT pre significant items	3.8	(4.7)	(3.7)	(2.4)	(0.9)	Divisions	H121F	H221F	H122F	H222F	H123F	H223F					
Significant items	(0.8)	(5.6)	0.0	0.0	0.0	Asset Vision											
NPAT (reported)	3.0	(10.2)	(3.7)	(2.4)	(0.9)	Revenue	0.2	0.9	0.9	1.0	1.2	1.5					
Cash flow (A\$m)						Gross Profit	na	0.8	0.9	1.0	1.1	1.4					
Y/E 30 June	FY20A	FY21F	FY22F	FY23F	FY24F	EBITDA	(0.0)	(0.1)	(0.2)	(0.1)	0.0	0.2					
EBITDA	5.2	(3.2)	(3.2)	(2.4)	(0.9)	farmbuy											
Interest	(1.1)	(0.2)	0.0	(0.0)	(0.1)	Revenue	0.0	0.1	0.2	0.5	0.7	0.9					
Tax	0.6	(0.1)	0.0	0.0	0.0	Gross Profit	na	0.1	0.2	0.4	0.5	0.6					
Working capital changes	(5.5)	0.7	(0.2)	(0.2)	(0.4)	EBITDA	(0.5)	(0.7)	(0.6)	(0.4)	(0.3)	(0.2)					
Operating cash flow	(0.9)	(2.8)	(3.5)	(2.7)	(1.3)	Corporate costs	(0.7)	(1.0)	(1.0)	(1.0)	(1.0)	(1.1)					
Mtce capex	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	Group EBITDA	(1.2)	(1.8)	(1.7)	(1.5)	(1.3)	(1.1)					
Free cash flow	(1.0)	(2.9)	(3.5)	(2.7)	(1.4)												
Growth capex	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	Note that Asset Vision was only included from 2 November 2020											
Acquisitions/Disposals	6.8	19.4	0.0	0.0	0.0	Margins, Leverage, Returns		FY20A	FY21F	FY22F	FY23F	FY24F					
Other	(0.1)	(4.4)	0.0	0.0	0.0	EBITDA		9.5%	(163.9%)	(122.6%)	(55.7%)	(12.6%)					
Cash flow pre financing	5.6	12.1	(3.5)	(2.8)	(1.4)	EBIT		8.5%	(201.5%)	(138.5%)	(64.7%)	(17.8%)					
Equity	2.5	(6.3)	0.0	0.0	2.7	NPAT pre significant items		7.0%	(235.7%)	(138.2%)	(56.7%)	(13.0%)					
Debt	(10.3)	0.0	0.0	0.0	0.0	Net Debt (Cash)		0.5	6.3	2.8	0.0	1.4					
Dividends paid	(0.5)	(0.1)	0.0	0.0	0.0	Net debt/EBITDA (x)	(x)	0.101	n/a	n/a	n/a	n/a					
Net cash flow for year	(2.6)	5.7	(3.5)	(2.8)	1.3	ND/ND+Equity (%)	(%)	(1.4%)	(51.7%)	(23.0%)	(0.3%)	(10.6%)					
Balance sheet (A\$m)						EBIT interest cover (x)	(x)	0.2	n/a	n/a	n/a	n/a					
Y/E 30 June	FY20A	FY21F	FY22F	FY23F	FY24F	ROA	nm	(11.5%)	(16.6%)	(14.5%)	(6.5%)						
Cash	1.5	7.2	3.6	0.9	2.2	ROE	nm	(36.8%)	(22.0%)	(17.8%)	(6.7%)						
Accounts receivable	7.1	0.2	0.4	0.7	1.1	ROIC	nm	(35.1%)	(24.8%)	(47.4%)	(18.9%)						
Inventory	0.0	0.0	0.0	0.0	0.0	NTA (per share)		0.01	0.02	0.01	0.01	0.01					
Other current assets	2.5	0.1	0.1	0.1	0.1	Working capital		4.8	0.2	0.4	0.6	1.0					
Total current assets	11.1	7.5	4.2	1.8	3.5	WC/Sales (%)		8.9%	9.6%	14.8%	14.4%	14.4%					
PPE	0.2	0.2	0.3	0.3	0.4	Revenue growth	nm	(96.4%)	34.0%	61.5%	59.7%						
Intangibles inc Goodwill	31.5	9.9	9.9	9.9	9.9	EBIT growth pa		nm	n/a	n/a	n/a	n/a					
Investments	0.0	1.3	1.3	1.3	1.3	Pricing		FY20A	FY21F	FY22F	FY23F	FY24F					
Deferred tax asset	0.0	0.0	0.0	0.4	0.8	No of shares (y/e)	(m)	501	400	400	443	443					
Other assets	2.6	5.0	4.6	4.2	3.9	Weighted Av Dil Shares	(m)	340	400	400	400	443					
Total non current assets	34.3	16.4	16.0	16.1	16.2	EPS Reported	cps	0.76	(2.89)	(0.91)	(0.61)	(0.28)					
Total Assets	45.4	23.9	20.2	17.9	19.7	EPS Normalised/Diluted	cps	0.61	(1.70)	(0.91)	(0.61)	(0.28)					
Accounts payable	2.3	0.0	0.0	0.1	0.1	EPS growth (norm/dil)		n/a	n/a	n/a	n/a	n/a					
Short term debt	0.5	0.5	0.5	0.5	0.5	DPS	cps	-	-	-	-	-					
Tax payable	0.0	0.1	0.1	0.1	0.1	DPS Growth		n/a	n/a	n/a	n/a	n/a					
Other current liabilities	4.8	4.1	4.1	4.1	4.1	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%					
Total current liabilities	7.60	4.67	4.71	4.76	4.81	Dividend imputation		0	0	0	0	0					
Long term debt	0.4	0.4	0.4	0.4	0.4	PE (x)		9.6	-	-	-	-					
Other non current liabs	0.3	0.3	0.3	0.3	0.3	PE market		18.4	18.4	18.4	18.4	18.4					
Total long term liabilities	0.69	0.71	0.71	0.71	0.71	Premium/(discount)		(47.7%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)					
Total Liabilities	8.3	5.4	5.4	5.5	5.5	EV/EBITDA		6.9	(7.1)	(8.2)	0.0	0.0					
Net Assets	37.1	18.5	14.8	12.4	14.2	FCF/Share	cps	(0.2)	(0.7)	(0.8)	(0.6)	(0.3)					
Share capital	90.4	85.0	85.0	85.0	87.7	Price/FCF share		(48.2)	(10.5)	(8.6)	(12.4)	(25.3)					
Accumulated profits/losses	(54.8)	(68.0)	(71.7)	(74.1)	(75.0)	Free Cash flow Yield		(2.1%)	(9.5%)	(11.6%)	(8.1%)	(4.0%)					
Reserves	1.5	1.5	1.5	1.5	1.5												
Minorities	0.0	0.0	0.0	0.0	0.0												
Total Shareholder funds	37.1	18.5	14.8	12.4	14.2												

Source: RaaS Advisory



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

AFSL 456663

Effective Date: 6th May 2021



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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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