

23<sup>rd</sup> June 2021

## Future First Technologies

### Asset Vision acquires AI data capture group EagleSoft

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 today that Asset Vision has acquired EagleSoft, an intelligent data capture platform that automatically detects road defects and asset inventory using artificial intelligence (AI) and machine learning (ML), in a cash and scrip deal. Future First will issue 15m shares on completion of the acquisition and \$1.5m cash and up to \$8m in additional, conditional consideration payments across three years post completion. These payments will also be a mixture of cash and shares on a 50:50 ratio.

#### 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. The company noted in late May that Asset Vision's annualised revenue base had now grown to \$2.5m, a 30% increase since it was acquired in November 2020. 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.

#### EagleSoft acquisition expands the SaaS offering & road map

The EagleSoft acquisition will enhance Asset Vision's plan to have an end-to-end intelligent asset management platform for the transport sector. It also diversifies Asset Vision's SaaS model into new sales opportunities for its intelligent data capture platform, EagleEye, which operates on a \$ per kilometre road analysed model. The platform delivers dual analytics on the automatic detection of road pavement defects through the analysis of HD video and discovery of road asset inventory, and complements Asset Vision's existing platform for managing road, rail, building and open spaces inspections and maintenance. EagleSoft, though still early stage, generated \$0.4m in revenue in FY21 and recently completed a successful trial covering more than 4,000kms of road for Regional Roads Victoria and the Department of Main Roads.

#### 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. We will review our Asset Vision forecasts in light of this acquisition.

#### 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)
06/20a	51.1	51.1	5.2	3.8	0.61	0.6
06/21e	1.2	1.1	(3.2)	(4.6)	(1.69)	15.8
06/22e	2.6	2.4	(3.2)	(3.6)	(0.90)	8.5
06/23e	4.3	3.7	(2.3)	(2.4)	(0.59)	6.5

Source: Company data, RaaS Advisory Estimates for FY21e, FY22e and FY23e

#### Share details

ASX Code	FFT
Share Price (intraday)	\$0.065
Market Capitalisation	\$26.7M
Shares on issue	410.9M
Net cash 31 Dec	\$9.3M
Free float	~68%

#### Share price performance (12-months)



#### Upside Case

- Transitioned to SaaS businesses with growth leverage
- Clean balance sheet, debt free
- Board has 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) in 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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ABN 92 168 734 530

AFSL 456663

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

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

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In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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