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Skekel Brainweigh Ltd

FY19 FY Result & Update note

Recasting numbers for new retail division developments

Technology – Hardware/software

Shekel Brainweigh Limited (ASX:SBW) has announced its CY19 result and provided some update on potential developments into CY20. The result was solid with revenue +1% to US$18.8m but +5.2% in 2H19 while EBITDA (ex AASB16) turned negative as expected on the back of significantly higher R&D spend for new products. On the back of this result and recent product developments we have recast our medium-term assumptions for the new Retail Division, placing more emphasis on "Innovendi" and "The Micro-market Capsule" and less on standalone shelves. This shift in new product development is the result of new technology developed and/or licenced through technology partners, and the realisation that large retailers will be slow to adopt the smart shelf "sorter" technology for traditional big-box stores. The resulting higher Innovendi sales assumptions increases near-term numbers, albeit there is significant forecast risk both to the upside and downside. SBW is trading at a 50% discount to the nearest peer on an EV/Sales basis (80%-90% to most), is incurring relatively modest PBT losses, has significant relative sales and is the verge of new product revenues.

Business model

Shekel Brainweigh produces weighing scale hardware/software that is employed by OEMs for self-checkout and healthcare applications requiring speed and accuracy. Prices received from customers are typically fixed, and gross margins are in-line with that achieved by most OEM equipment suppliers. The group is now looking to extend this market leading weighing technology into new verticals, opening up larger market opportunities, potentially higher gross margins and some recurring SaaS style revenue from data analytics. One of the new verticals (Innovendi vending machines) is in commercialisation while others are nearing commercialisation (The Sorter smart shelving and the Micro-market Capsule).

CY20 the year of new retail revenues

Following a solid sales result in CY19 and significant R&D investment over the last 2-years (US$6.3m in P&L and capitalised software combined, and another $US4.4m forecast in CY20) SBW are poised to deliver the first meaningful revenues from new products in CY20. Quality retail, technology and distribution partners across each new product offerings enhance the likelihood of product success. All these products deliver both hardware and recurring software revenue at higher forecast margins than the current portfolio.

Base case valuation A$0.48/share fully diluted

Our base case DCF valuation now sits at A$0.48/share. Based on estimated earnings from the "core" scales business we believe investors are paying nothing for the New Retail Division upside, which should become evident over CY20. SBW continues to trade at a significant discount to small cap hardware/software peers despite achieving significant sales, modest PBT losses (incorporating higher R&D spend) and multiple new product options.

Historical earnings and RaaS Advisory estimates on a reported basis

Year end	Revenue(US$m)	EBIT (US$m)	NPAT (US$m)	EPS (c)	PER (x)	EV/sales(x)
Dec-18a	18.7	(0.5)	(1.2)	(0.01)	23.4	0.33
Dec-19a	18.8	(1.7)	(2.1)	(0.01)	(7.3)	0.70
Dec-20e	22.0	(1.5)	(1.5)	(0.01)	(17.2)	0.66
Dec-21e	27.8	2.3	1.5	0.02	7.2	0.50

Source: Company Data, RaaS Advisory Estimates

4 March 2020

Share details

ASX Code	SBW
Share price at 6th Sept	$0.16
Market Capitalisation	$22.2M
Shares on issue	139M
Enterprise value	$19.1M
Cash at 31 Dec '19	$3.1M
Free float	~20%

Share performance (12 months)

Upside Case

- Strong growth expected in the group's core self-checkout and healthcare markets
- New verticals have commenced commercialisation, with significant opportunities.
- Mix shift to recurring SaaS fees will increase gross margins and lower days receivables

Downside Case

- Low liquidity with 20% free float
- Currency translation from USD and AASB16 adds complexity for investors
- Near term ROE likely to be impacted by R&D expenditure

Management

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FY19 Result Commentary

Sales for CY19 were US$18.8m, +1% on CY18 with improvement in the growth rate half to half (-4% 1H, +5.2% 2H). This was modestly (2%) below our expectations.

Gross Profit was -2% over CY19, with GP margins higher in 1H (45%) relative to 2H (42%) and in-line with forecast.

A raft of non-cash charges, the impacts of AASB16, varying treatment of R&D spend between halves (between the P&L and software capitalisation) and higher overall R&D spend relative to CY18 makes the result at the PBT line difficult to analyse.

To compare with CY18 and provide a logical base for future forecasts we have:

- Added actual rental expense back to General & Admin expense.
- Separated Share Based Payments from R&D expenses.
- Removed the AASB16 rental charge from depreciation.
- Removed all non-cash charges from the interest expense line, which includes the deduced value of shareholder loans and AASB16 impacts.

The table below looks at the SBW result by half-year, highlighting the variability of sales, GP%, R&D spend and share based payments (SBP) between the halves. In summary sales growth improved 2H over 1H and , costs were higher over both halves as new products continued to be developed.

Exhibit 1: SBW operating performance by half-year

Variable	1H18	1H19	% Chg	2H18	2H19	% Chg
Sales	8.8	8.4	-4%	9.9	10.4	5%
Gross Profit	3.3	3.8	17%	5.1	4.4	-14%
GP%	37%	45%		51%	42%	
Operating costs	2.8	5.1	83%	3.8	4.1	8%
R&D (ex SBP)	0.5	2.1	290%	1.1	0.8	-29%
Other	2.2	3.0	34%	2.6	3.3	24%
EBITDA	**0.5**	**-1.3**	-358%	**1.3**	**0.3**	-78%
Deprecation	0.1	0.1	-20%	0.1	0.1	-21%
Amortisation	0.0	0.0		0.0	0.0	
EBIT	**0.4**	**-1.3**	**-440%**	**1.2**	**0.2**	-83%
(EBIT margin)	4.5%	-15.9%		12.0%	2.0%	
Share based pay.	0.3	0.4		1.8	0.2	
Reported EBIT	0.1	-1.7		-0.6	0.0	

Source: Company financials and RaaS Analysis

Other key observations from the result include:

- **Cash at bank ended the year at US$2.1m,** lower than expected due to higher than expected working capital movements. If working capital metrics stay elevated this may leave the company tight for cash by the end of CY20.
- **Working capital increased 13%** or US$1.1m despite a 1% increase in sales (WC/sales 37% to 43%). We put this down to timing issues and have forecast a reversion back to 38% of sales in CY20.

  Our long-term assumptions still forecast a decline in this ratio as SaaS fees increase as a % of sales (shorter payment terms than hardware sales).
- **The company resumed capitalising software development in 2H19** (US$1.1m) following a break in 1H19 (US$50k), to the benefit of R&D expense in the P&L. Total R&D spend was US$3.9m against US$2.4m in CY18 and US$1.7m FY17.

  Given significant revenues are expected from new products in CY20 we do not expect capitalised expenditure in CY20.
- **No amortisation** of capitalised software as we had expected but expect this to begin in CY20.

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New Retail Division shifting focus

Our initiation report on SBW, **A seat at the game changing table**, focused on the potential of the company's existing market leading weighing technology being applied in new verticals, specifically in vending machines (Innovendi) and smart shelves for gondola bay ends in big-box retail stores (now The Sorter).

Innovendi had already signed Tnuva in Israel to take 1,200 machines over 7-years, with ~100 machines forecast to be in circulation by the end of CY2019.

The smart shelves were being trialled by some of the world's largest retailers, and our assumptions had incorporated 5-shelves equalling one gondola bay and a monthly SaaS fee per bay, with modest sales beginning 2HCY20.

Partnerships and licencing deals with technology partners including Hitachi in Europe, Intel and Edgify have changed the goal posts somewhat, as has the realisation that the large retailers are likely to take time to adopt gondola-end weighing technology on a large scale across their big-box stores.

Innovendi continues to gather momentum, while "The Micro-market Capsule", an extension of the Innovendi technology to a ~20sqm fully enclosed space is fast becoming a reality thanks to recent technology partnerships. As a result, we have recast our "Retail Division" earnings assumptions, with key issues discussed below.

Innovendi

Innovendi utilises the group's product aware surface/ultra-thin load cell technology in an internally designed vending machine. The machine automates the entire vending machine process, from multiple product selection to payment, while offering customers real-time information about consumer behaviour and automated restocking notifications.

Despite Tnuva signing for 1,200 vending machines over 7-years, and the significant management incentives to achieve unit sales across multiple regions we had been very conservative in our assumptions for Innovendi medium-term with ~240 unit sales per annum forecast.

The recent announcement of the sale of (4) Innovendi machines to SV365 Technologies based in the UK is a significant first step for sales outside of Israel to a European tech distributor specialising in the sale of "autonomous micro markets". We expect this to be the beginning of significant unit sales with this customer medium-term. Similar agreements in other regions are highly likely.

In the same announcement the delivery of the Tnuva contract looks to have been shortened from 7-years to 3-years, implying 400 machines per year alone for the next 3-years, well above our expectations.

The company has also indicated that the "kit" used in the construction of the Vending machine can be sold as an OEM to other vending machine manufactures, opening up a potential new channel for this product.

Such assumptions better align with management incentives for the issue of 11.56m performance shares (8.3% of the company) if certain regional volumes are achieved, which are detailed below.

Exhibit 2: Innovendi performance rights unit targets

Region	Milestone units required	% of 11.56m rights to vest
Israel	800	10%
China	2,000	25%
US	2,000	25%
Western Europe	2,400	30%
Australia	400	5%
Eastern Europe	400	5%
Total	**8,000**	**100%**

Source: Company Prospectus

The Micro-market Capsule

The concept Micro-market Capsule should be seen as an extension to the Innovendi technology, encompassing a 20sqm fully enclosed, cashier less convenience store, a large walk through vending machine.

By combining Shekel's market leading weighting technology including inbuilt AI software with technology from partner Hitachi (Lidar technology) the capsule offers a complete end to end autonomous shopping experience for customers, incorporating shopper identification, virtual checkout management and billing without the need for a checkout.

First floated in September 2019 this concept is moving closer to commercialisation, "expected to be fully operational in H1 CY20". Distribution partners such as SV365 Technologies will only help this push. The Capsule will be aimed at venues such as hospitals, universities and airports initially.

We understand the business model for the Capsule will be similar to Innovendi comprising an upfront hardware/software purchase and a monthly SaaS/data analytics fee.

The convenience store concept appears to be where cashierless technology is going near-term, with AmazonGo looking to rollout a similar concept, albeit using camera's and AI software.

Exhibit 3: Innovendi Micro Market Capsule

Source: 1H19 Company results presentation

The company has recently showcased this technology with partners and on a standalone basis at the National Retail Federation (NRF) conference in New York and will showcase at Euroshop in Germany in March 2020.

Implications for forecast numbers

With new information and the near-term shift in focus toward Innovendi and the Capsule we have recast our "Retail Division" assumptions, with key changes detailed below:

- **Unit sales**. We have materially increased our near-term Innovendi unit sale assumptions and started to build some very modest unit sales for "The Micro-market Capsule" into FY21 given technology and partnership developments. We have also materially reduced our smart shelves sales assumptions, but still see the concept having legs longer-term. All assumptions remain subject to significant forecast risk (on both the upside and downside).

Exhibit 4: SBW product sales by units

Year-end	2019F	2020F	2021F	2022F	2023F
Innovendi - Old	130	230	240	240	240
Innovendi - New	110	400	850	900	900
Innovendi Kit - Old	0	0	0	0	0
Innovendi Kit - New	0	200	370	400	400
Smart Shelves - Old	0	1,982	1,749	5,010	5,200
Smart Shelves - New		50	300	525	900
Capsules - Old	0	0	0	0	0
Capsules - New	0	0	25	50	100

Source: Company Financials & RaaS estimates

- **Revenues**. FY20 revenue assumptions are relatively unchanged, but our FY21-FY23 revenue assumptions increase 6%-12% due to the near-term Innovendi sales which are higher value than the smart shelves.
- **GP%**. Our GP% is still forecast to increase over time as higher margin SaaS fees increase as a % of sales. That said our margin assumptions through mix (we have a lower assumed GP margin for Innovendi than smart shelves) has declined 100-200bps over the forecast period.
- **Operating costs** are relatively unchanged**.**
- **R&D spend** is forecast at US$4.4m in CY20, 10% higher than CY19 as new products hit the market. This spend in absolute US$ terms is at the high-end of peers as new products are refined and developed.
- The major change in **EBITDA** is the FY21 year with assumptions up ~40% as Innovendi sales and SaaS fees accelerate relative to previous modest assumption for Smart Shelves.

We are still forecasting 6%-8% growth in the core scales business, driven by exposure to market leaders such as GE (Healthcare) and Toshiba (self-checkout). The self-checkout market is expected to see growth from emerging markets (higher internet penetration, foreign ownership) and smaller business (more affordable). The Edgify collaboration provides a potential new revenue stream with other OEM manufacturers.

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Peer comparison update

We consider listed peers to SBW to be:

- Small/micro-cap in size;
- Predominantly a technology hardware producer making a "one-time" unit sale;
- Supplying OEM's with components to a branded end-product;
- Utilising their core technology to develop new products or push into new verticals;
- Dealing mainly with Blue-Chip customers.

While the technologies and potential market opportunities may vary by industry and product, these companies share similar challenges in terms of gross margins, brand recognition, balancing payables and receivables and funding growth requirements.

SBW continues to trade at a material discount to all selected peers including a 50% discount to the next lowest EV/sales (RVS). Many of the peers have experienced significant revenue and EBITDA downgrades recently and as a result are incurring significant PBT losses and share price declines.

Considering SBW's material sales, modest PBT losses and solid GP% the current discount in our view is unjustified.

Exhibit 5: Peer financial comparison

Company Name	Ticker	Share price (cps)	Mkt Cap ($m)	Dec-19 Debt/(cash) (A$m)	CY19 Adj PBT (A$m)	CY19 sales (A$m)	CY19 GP%	CY19 WC/Sales	CY19 EV/Sales	CY19 R&D/sales
Pivotal Systems	PVS	1.55	186	-8.2	-15.0	23.2	11%	63%	7.7	45%
Atomos *	AMS	0.80	148	-16.0	-1.9	64.0	43%	20%	2.1	13%
Revasum	RVS	0.58	53	-10.3	-20.7	31.1	11%	43%	1.4	65%
Elsight	ELS	0.32	34	-1.4	-4.8	1.8	38%	11%	17.7	103%
MicroX *	MX1	0.17	25	-7.8	-11.0	1.6	67%	-5%	10.8	128%
Mobilicom	MOB	0.08	22	-4.7	-3.4	3.4	71%	11%	4.9	93%
Shekel Brainweigh	SBW	0.16	22	-3.1	-3.0	28.5	43%	37%	0.7	21%

Sources: Company financials, Thomson Reuters *June year-end, 1H20 number annualised

DCF Valuation

Our base case DCF valuation now sits at $0.48/share, down slightly from our most recent update (A$0.50), with lower longer-term smart shelf assumptions offsetting higher nearer-term Innovendi numbers. To account for forecast risk we are still using WACC of 11% despite the core business being profitable, a market leader and the preferred supplier to global OEM leaders such as GE and Toshiba.

At $0.48/share the EV/sales multiple would be 2.2x, a premium to RVS in the peer group but still below all other peers.

Exhibit 6: Base case DCF valuation

Parameters	
Discount Rate / WACC	10.8%
Terminal growth rate assumption (inflation adjusted)	2.0%
In A$m	
Present value of cashflows	20
Present value of terminal value	41
PV of enterprise	61
Net value ($m)	64
Net value per share	$0.48

Source: RaaS estimates

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Exhibit 7: Financial Summary

Shekel Brainweigh (SBW.ASX)					
Profit and Loss (US$m)					
Y/E 31 Dec	**FY18A**	**FY19A**	**FY20F**	**FY21F**	**FY22F**
Revenue	18.7	18.8	22.0	27.8	31.3
Gross profit	8.3	8.2	10.3	13.3	15.4
GP margin %	44.5%	43.4%	46.8%	48.1%	49.3%
EBITDA	(0.3)	(1.5)	(0.7)	3.1	4.9
Depn	0.2	0.2	0.2	0.2	0.2
Amort	0.0	0.0	0.6	0.6	0.6
EBIT	(0.1)	(1.4)	0.1	4.0	5.7
Interest	0.7	0.3	0.2	0.2	0.3
Tax	(0.1)	0.0	(0.3)	0.6	1.0
Minorities	0.0	0.0	0.0	0.0	0.0
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0
NPAT pre significant items	0.5	(1.0)	0.0	4.8	7.0
Significant items	0.0	0.0	0.0	0.0	0.0
NPAT (reported)	**0.5**	**(1.0)**	**0.0**	**4.8**	**7.0**
Cash flow (US$m)					
Y/E 31 Dec	**FY18A**	**FY19A**	**FY20F**	**FY21F**	**FY22F**
EBITDA + rent expense	(0.3)	(1.5)	(0.7)	3.1	4.9
Interest	0.7	0.3	0.2	0.2	0.3
Tax	0.0	0.2	0.1	(0.2)	(0.8)
Working capital changes	0.5	(1.2)	(0.3)	(2.0)	(1.1)
Operating cash flow	0.9	(2.3)	(0.6)	1.2	3.2
Mtce capex	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Free cash flow	0.8	(2.5)	(0.8)	1.0	3.0
Capitaised Software	(0.8)	(1.1)	0.0	0.0	0.0
Acquisitions/Disposals	(0.2)	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Cash flow pre financing	(0.2)	(3.6)	(0.8)	1.0	3.0
Equity	6.1	0.0	0.0	0.0	0.0
Debt	(0.4)	0.0	0.0	0.0	0.0
Net Dividends paid	0.0	0.0	0.0	0.0	0.0
Net cash flow for year	5.4	(3.6)	(0.8)	1.0	3.0
Balance sheet (US$m)					
Y/E 31 Dec	**FY18A**	**FY19A**	**FY20F**	**FY21F**	**FY22F**
Cash	6.3	2.1	0.7	1.2	3.7
Accounts receivable	5.6	6.1	6.3	7.6	8.3
Inventory	3.2	3.5	4.2	5.4	6.2
Other current assets	2.0	1.5	1.6	1.8	2.0
Total current assets	*17.0*	*13.1*	*12.8*	*16.1*	*20.2*
PPE	0.5	0.6	0.6	0.6	0.7
Intangibles	2.0	3.3	2.6	2.0	1.4
Right of Use Asset	0.0	2.4	1.5	0.6	2.2
Deferred tax asset	0.0	0.0	0.0	0.0	0.0
Other non current assets	0.2	0.0	1.5	2.7	3.6
Total non current assets	*2.7*	*6.3*	*6.3*	*6.0*	*7.8*
Total Assets	19.7	19.4	19.1	22.1	27.9
Accounts payable	1.9	1.5	2.1	2.7	3.0
Short term debt	4.0	4.1	4.7	6.0	6.7
Lease Liability	0.0	1.8	1.3	0.4	2.0
Other	1.4	2.2	2.5	3.2	3.6
Total current liabilities	*7.2*	*9.5*	*10.7*	*12.3*	*15.3*
Long term debt	0.0	0.0	0.0	0.0	0.0
Other non current liabs	0.3	2.1	1.6	0.7	2.2
Total long term liabilities	*0.3*	*2.1*	*1.6*	*0.7*	*2.2*
Total Liabilities	7.5	11.6	12.3	13.0	17.5
Net Assets	**12.3**	**7.8**	**6.8**	**9.2**	**10.5**
Share capital	7.7	7.7	7.7	7.7	7.7
Accumulated profits/losses	2.9	(0.4)	(1.9)	(0.4)	2.4
Reserves	1.3	1.8	1.8	1.8	1.8
Minorities	0.3	0.4	0.4	0.4	0.4
Total Shareholder funds	**12.3**	**9.6**	**8.1**	**9.6**	**12.4**

Share price (4 March 2020)					**A$**	**0.16**
Interim (US$m)	**H118A**	**H218A**	**H119A**	**H219A**	**H120F**	**H220F**
Revenue	8.8	9.9	8.4	10.4	9.4	12.6
EBITDA	0.2	(0.5)	(1.6)	0.1	(1.0)	0.3
EBIT	0.1	(0.6)	(1.7)	(0.0)	(1.4)	(0.1)
NPATA (normalised)	(0.0)	(1.1)	(1.6)	(0.5)	(0.9)	0.1
Adjustments	0.0	0.0	(0.5)	(0.8)	(0.3)	(0.3)
NPAT (reported)	(0.0)	(1.1)	(2.1)	(1.3)	(1.2)	(0.2)
EPS (normalised)	(0.000)	(0.010)	(0.011)	(0.004)	(0.007)	0.000
EPS (reported)	(0.000)	(0.010)	(0.015)	(0.009)	(0.009)	(0.002)
Dividend (cps)	0.000	0.000	0.000	0.000	0.000	0.000
Imputation	0.0	0.0	0.0	0.0	0.0	0.0
Operating cash flow	na	na	na	na	na	na
Free Cash flow	na	na	na	na	na	na
Divisionals	**H118A**	**H218A**	**H119**	**H219F**	**H120F**	**H220F**
Hardware	7.3	8.4	6.9	8.6	7.8	10.8
Service (est)	1.4	1.5	1.5	1.8	1.5	1.8
Total Revenue	**8.8**	**9.9**	**8.4**	**10.4**	**9.4**	**12.6**
Gross profit	3.3	5.1	3.8	4.4	4.3	5.9
Gross Profit Margin %	37.2%	51.0%	45.5%	41.8%	46.4%	47.1%
R&D	0.5	1.1	2.1	0.8	2.2	2.2
General & Admin & Other	2.2	2.6	3.0	3.3	3.2	3.4
One-off costs/Non-cash	0.3	1.8	0.4	0.2	-	-
Total costs	**3.1**	**5.6**	**5.4**	**4.3**	**5.4**	**5.6**
EBITDA	**0.2**	**(0.5)**	**(1.6)**	**0.1**	**(1.0)**	**0.3**
EBITDA margin %	2.1%	(5.1%)	(19.2%)	0.7%	(10.8%)	2.3%
Margins, Leverage, Returns		**FY18A**	**FY19A**	**FY20F**	**FY21F**	**FY22F**
EBITDA margin %		(1.7%)	(8.2%)	(3.3%)	11.3%	15.6%
EBIT margin %		(0.7%)	(7.3%)	0.3%	14.3%	18.3%
NPAT margin (pre significant items)		2.8%	(5.4%)	0.2%	17.4%	22.4%
Net Debt (Cash)		- 6.25	- 2.07	- 0.75	- 1.24	- 3.73
Net debt/EBITDA (x)	(x)	nm	nm	nm	nm	nm
ND/ND+Equity (%)	(%)	33.8%	17.7%	8.4%	11.5%	23.1%
EBIT interest cover (x)	(x)	n/a	n/a	(338.9%)	(5.8%)	(4.4%)
ROA		(0.6%)	(7.1%)	0.4%	19.2%	22.9%
ROE		(9.5%)	(21.4%)	(18.4%)	15.4%	22.5%
NTA (per share)		0.11	0.07	0.05	0.05	0.06
Working capital		6.9	8.1	8.4	10.4	11.5
WC/Sales (%)		**37.0%**	**43.1%**	**38.1%**	**37.4%**	**36.7%**
Revenue growth		2.4%	0.9%	16.7%	26.4%	12.7%
EBIT growth pa		nm	nm	nm	5496.5%	44.5%
Pricing		**FY18A**	**FY19A**	**FY20F**	**FY21F**	**FY22F**
No of shares (y/e)	(m)	113	139	139	139	139
Weighted Av Dil Shares	(m)	113	139	139	139	139
EPS Reported	US cps	(0.01)	(0.01)	(0.01)	0.02	0.02
EPS Normalised/Diluted	US cps	(0.01)	(0.01)	(0.01)	0.02	0.02
EPS growth (norm/dil)		nm	nm	nm	nm	63%
DPS	cps	0.000	0.000	0.000	0.000	0.000
DPS Growth		n/a	n/a	n/a	n/a	na
Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%
Dividend imputation		0	0	0	0	0
PE (x)		23.4	- 7.3	- 17.2	7.2	4.4
PE market		18	18	18	18	18
Premium/(discount)			(140.8%)	(195.5%)	(59.9%)	(75.3%)
EV/EBITDA		nm	nm	(18.0)	4.6	2.8
FCF/Share	US cps	(0.007)	(0.029)	(0.010)	0.004	0.018
Price/FCF share		(17.2)	(3.8)	(11.7)	31.4	6.2
Free Cash flow Yield		(5.8%)	(26.3%)	(8.5%)	3.2%	16.0%

Source: RaaS Advisory

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: 26th November 2018

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

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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

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Our dealing service

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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; Email: 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.

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