

RESEARCH REPORT

Aerometrex (AMX)

Aerial mapping and geospatial insights

Price Target	\$0.40
Share Price	\$0.285
Implied Return	40.4%

Investment Summary

- Strong industry outlook. US\$5 billion market forecast to sustain double digit pace through to the end of the decade.
- The use case for mapping data continues to expand with lower costs, higher quality data and image capture and more sophisticated processing algorithms, especially when combined with other data sources. This pattern will continue as AI and ML begin to impact the industry.
- Restructuring masked strong underlying revenue growth in FY 2023. Adjusting for the exit from contracting, underlying revenue grew by 14% in FY 2023.
- Forecast sustainable double-digit revenue and EBITDA growth.
- The company has been repositioned to focus on areas with strong competitive advantage and fast growing, recurring income streams and supported with some operations with “Blue Sky” potential. This is the company’s pathway to profitability.
- Strong growth outlook and large valuation discounts compared with peers underpins considerable share price upside.

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Company Data

ASX code	AMX
ASX price	\$0.285
Shares on issue	94.8 m
Market capitalisation	\$27.0m
Cash on hand	\$9.8 m ¹
12-month price range	\$0.245 – \$0.69
ASX turnover (3m avg. daily vol.)	41K

¹ Cash = Latest reported balance (30/6/23)

Key Personnel

Steve Masters	MD and CEO
Chris Mahar	CFO
Mark Lindh	Non-Executive Chairman

Major Shareholders

Perennial Value Management	14.20%
Matthew White	13.08%
Mark Deuter	9.68%
Scott Tomlinson	8.60%
David Byrne	8.18%

Price Chart (ASX: AMX)



Source: FactSet

Earnings Estimates (A\$)

		FY21	FY22	FY23	FY24e	FY25e
Sales	\$m	20.9	25.0	25.4	29.3	34.3
growth	%		19.6	1.6	15.4	17.1
EBITDA	\$m	2.6	4.9	3.8	4.4	5.1
margin	%	12.4	19.6	15.0	15.0	14.9
EBIT	\$m	-4.2	-0.7	-5.4	-4.8	-4.1
PBT	\$m	-4.2	-0.8	-5.2	-4.7	-4.1
Adj NPAT	\$m	-4.1	-0.6	-4.2	-3.5	-3.0
growth	%	N/A	N/A	N/A	N/A	N/A
Rep NPAT	\$m	-4.1	-0.6	-4.2	-3.5	-3.0
Adj EPS	cps	-4.3	-0.6	-4.5	-3.7	-3.1
EV/EBITDA	x	6.6	3.5	4.5	3.9	3.4
MCap/Revenue	x	1.3	1.1	1.1	0.9	0.8
DPS	cps	0.0	0.0	0.0	0.0	0.0
Payout	%	0.0%	0.0%	0.0%	0.0%	0.0%
Div yield	%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and CCR estimates

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Executive Summary

Aerometrex provides geospatial services to a broad range of users in Australia and elsewhere including 2D and 3D mapping and LiDAR surveys. These services are used in an expanding range of situations including urban planning, environmental management, resources planning and management, real estate and property development, defence and security and even archaeology. Globally the industry is estimated to have a minimum value of US\$5 billion and is growing at sustained double-digit pace.

This fast-paced growth is being driven by falling costs from the widespread use of drones, which is making these services more accessible as well expanding the range of use cases. Quality is a major driver at the higher end of the market and is being driven by continuous improvement in camera and sensor technology and improvements in processing algorithms. Innovation is ongoing with Artificial Intelligence and Machine Learning set to have a big impact on the industry.

Since listing, Aerometrex has transformed its business profile from being overwhelmingly based on project work to where a substantial, and the fastest growing part of the business is from recurring subscription-based revenue. Project work has been rationalised to a sector (LiDAR) where it has significant and sustainable competitive advantage, with the subscription-based mapping business (MetroMap) providing a scalable growth platform and a pathway to profitability. The third part of the business is 3D mapping and modelling. This is Aerometrex's "Blue Sky" with enormous medium to long term potential although this business is still lumpy and relatively small. It is a sector where AI and ML are likely to have a major impact as a growth driver. With sales to Google and EA Sports, Aerometrex has demonstrated its ability to deliver high quality products to global scale, high profile users.

The power of the MetroMap business, which contributed 40% of FY 2023 revenue, lies in leveraging the data set asset base over increasing subscriber numbers to drive profit growth.

The company has been generating positive EBITDA for at least the past six years but with high depreciation and amortisation charges it has yet to breakthrough to profitability. Accordingly, the company has been burning cash each year since listing. The impact of the transformation of the business profile was masked in FY 2023 by the exit from contract mapping. Nonetheless, it is having a profound effect on the company with strong underlying growth in FY 2023 and will provide a pathway to profitability.

We estimate that the breakeven point lies in the revenue range of \$45 million and \$60 million which is still well ahead of the FY 2023 level of \$25 million. Nonetheless, this gap is narrowing, and we are forecasting revenue and EBITDA growth of 15.5% and 15.0% in FY 2024 and 17.1% and 15.9% respectively in FY 2025 with revenue reaching \$34 million in FY 2025. The cash burn is expected to considerably narrow over the next two years.

Although there is still some way to go before the company achieves its profit breakthrough objective, the key valuation drivers are very positive. We believe that Aerometrex's key valuation metrics, Enterprise Value/EBITDA and Market Cap/Revenue are heavily discounted and well below market averages for similar sized companies let alone companies in similar market sectors. Based on the current share price of 28.5 cents per share, the EBITDA/EV multiple is 4.5 times whereas there is an arguable case, based on range of comparison stocks, that it should sit in the range of 12 times to over 20 times. We have assessed that a multiple of between 10 and 15 times FY 2023 EBITDA would be appropriate providing a valuation range of 40 cents per share to 60 cents per share, considerably higher than the current price.

Background

Aerometrex provides geospatial services and insights through a range of platforms. The business was established in 1980 and has since evolved into a leading provider of geospatial services in Australia and has consistently been at the forefront of innovation to build competitive advantage.

Aerometrex's operations are focussed on three product streams;

- MetroMap - a cloud-based aerial mapping subscription business
- LiDAR – an aerial surveying technique using lasers
- 3D Modelling – a sophisticated high resolution mapping system derived from oblique aerial photography

The unifying feature central to these operations is the acquisition of data sets via aerial photography. The company currently has a dedicated fleet of four owned aircraft to support MetroMap activities and five owned LiDAR aircraft. Charter aircraft are also used from time to time to optimise operations. This fleet maybe be supplemented with helicopters, drones and even ground level backpacks for specialised assignments (typically for 3D modelling).

The digital data sets from these surveys are processed using sophisticated software tools to generate maps which are subsequently processed into various products.

In a large rapidly growing market, Aerometrex seeks and obtains competitive advantage through its commitment to innovation, quality of its data and imagery and accuracy of its final product. It's aerial surveying practices, use of high-quality standardised equipment and the use of its own algorithms for processing are key value adds and underpin the company's competitive advantage.

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Business Drivers

Various analysts estimate the global aerial mapping market at around US\$5 billion (with a range between US\$3 billion US\$8 billion) with growth forecasts ranging upwards from 13% pa by the end of the decade. This is a rapidly growing space where advances in technology and falling costs are expanding use cases.

Aerial photography has been a feature of map making since the earliest days of flight, but with the widespread availability of satellites, it has been integral to the map making process since the latter decades of the 20th century. Advances in camera, guidance and processing technology have driven increasing levels of sophistication and quality, reduced costs and made mapping services highly accessible.

Whereas access to aerial mapping services was once relatively limited, they are now widely available with an ever-expanding range of use cases. Essentially any question regarding land use will require a map. Typically, use cases have centred on urban planning and development, logistics, mining and agricultural resources planning, defence and security, and environmental studies. But these use cases continue to expand with increasingly finer detail required as technology provides greater capabilities in capturing and interpreting the data.

Use cases typically expand when maps are combined with other data sources to enable highly detailed analysis. For example, service providers in the real estate sector now provide fine land use detail on almost any nominated location down to a specific allotment to all levels of government and their agencies, real estate agents, property purchasers and developers, builders, architects and other service providers.

Another example is gaming where there is always increasing pressure for better quality 3D imagery and realistic scene presentation. This is entirely a function of technology capability.

Mapping and surveying have always played a role in archaeology but advances in technology have enabled important discoveries. LiDAR technology, which uses laser sensors to “see” through dense forest canopies and ground cover was integral to the discovery in 2019 of the remains of ancient civilisation buried beneath the Amazon jungle.

In recent years, the emergence of drones has had a considerable impact on the industry as both a user of maps for guidance systems and for data collection. Drones and other unmanned vehicles are now reckoned to be the largest platform for acquiring data and are now having a similar impact on the market that satellites had in the latter part of the 20th century. Drones are low cost and can capture vast amounts of data although their quality can be mixed. Mapping systems, especially LiDAR, are also integral to the development guidance systems in autonomous driving platforms. Going forward, Artificial Intelligence and Machine Learning are expected to have an enormous impact on the industry through their capacity to enhance analysis and interpretation of data which will lead to increasing demand for high quality data and imagery.

Strategy

The key priorities for Aerometrex management are to achieve sustainable bottom-line profitability and to scale up the business. The company has been generating EBITDA profit of between \$3 million and \$4 million over most of the past six years but high amortisation costs have resulted in consistent net losses. We estimate that the breakthrough to profit will be reached with revenue in the range of \$45 million to \$60 million. This will be a major milestone and we believe achievable with the existing business profile. An acquisition may be required to accelerate the pathway to this milestone, but MetroMap will be the key driver with 3D Modelling and Off the Shelf data set sales providing considerable upside opportunity.

A key strategic theme since the company listed on the ASX in 2020 has been a reorientation of the business with the development of a subscription-base that would be a significant, growing source of recurring income that could leverage its cost base, especially data set acquisition costs.

At the time of the IPO, over 95% of revenue was generated from contract work which provided limited ability to scale. However, a Data as a Service (DAAS) model has been successfully developed with MetroMap, which grew subscription revenue by 23% in FY 2023 and contributed 28% of total revenue. This share is expected to further increase over the next few years with the likelihood that it will in due course become the leading revenue contributor.

Against this background, the key strategies are:

- Grow subscription based revenues
- Geographic expansion
- Acquisitions/ New Products

At the time of Aerometrex’s late 2019 IPO, over 95% of revenue was generated from contract engagements (mapping and LiDAR). MetroMap, its subscription service, had been launched as a cloud based self-service offering leveraging the existing portfolio of data sets, however, the revenue base was small. Nonetheless, the strategy was to exit contract aerial mapping to focus on MetroMap. A self-service product with numerous subscribers accessing standardised data sets is highly efficient, especially at

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scale, but with data set acquisition for MetroMap and contract work requiring the use of exactly the same resources, contract work was not sustainable. Exiting the contract market enabled the company to better manage its resources and expand the geographic reach and frequency of its coverage. In FY 2023, the subscription service contributed 28% of revenue and the annual recurring revenue from subscriptions was \$7.6 million.

As evidenced by the success of Nearmap, the market leader and principal competitor, there is considerable opportunity for Aerometrex to expand its MetroMap subscription business. In FY 2022, prior its acquisition by US based Thoma Bravo L.P., Nearmap achieved revenue in Australia and New Zealand from its comparable service of \$74 million (AMX FY23 : \$7.2 million) with 9,426 subscribers (AMX FY23: 1,245) with an average value per subscriber of \$7,886 (AMX FY23: \$6,109). Aerometrex will drive growth in its subscription service through market share gains and market expansion.

Subscription revenues almost doubled over the 2 years to FY 2023, including 23% growth last year. Annual growth of 17% per annum will deliver close to \$10 million revenue over the next two years, which should be achievable based on past performance. A sharper marketing focus, especially on its partner sales channels, coupled with product enhancements and market growth are key factors in achieving this milestone.

Aerometrex has undertaken many 3D projects overseas in recent years, in Europe and the US. With the exit from contract mapping, the focus for geographic expansion is the 3D modelling business where opportunities are being developed in the US. As this is a relatively new, but rapidly evolving market, it is likely to prove to be the most effective channel to expand geographically. As the sector is still emerging, the capital resources required to establish a significant position are not excessive compared to replicating MetroMap which would be prohibitive and the barriers to entry or scale up are still manageable.

This is the company's "Blue Sky" opportunity where the potential is recognised but the time frame is somewhat uncertain. Data set sales have been made to Google, the Australian government, gaming company EA Sports and others and a project has recently been completed for the Victorian government, but this is lumpy business although the revenue is significant. The immediate challenge is to build consistency into the revenue stream and find a catalyst that will provide a growth surge and potentially a recurring income stream.

A well targeted acquisition has the potential to provide a quantum leap in growth and accelerate market entry whilst new products may leverage existing resources and provide new revenue generating opportunities. Aerometrex has not undertaken an acquisition for a number of years although the company has been offered many opportunities. An acquisition is increasingly likely as the company builds scale as an effective means of accelerating its growth path.

During FY 2023, the company launched MetroMap Insights as an add-on to the core MetroMap product. This development, whilst incremental rather than breakthrough, demonstrates the company's commitment to product development and enhancement. The 3D modelling business has the potential to leverage its data set portfolio in a similar way to MetroMap, although this is a long-term opportunity that will require the market to further evolve.

LIDAR is the company's leading source of revenue, contributing half the total in FY 2023. Revenue has grown by 43% over the past 2 years and is likely to continue to generate double digit growth for the foreseeable future. The key drivers are government spending, particularly related to the environment, as well as from the mining industry. Aerometrex's capacity to undertake projects is only limited by the number of (laser) sensors it owns and the availability of aircraft. A sixth sensor will probably be required in calendar 2025 to provide additional capacity to support growth.

Business Profile

MetroMap

MetroMap is a cloud-based subscriber service providing access to high quality imagery, predominantly 2D across, Australia's principal urban centres. Image capture frequency ranges from up to 4 times annually for Melbourne, Sydney, South East Queensland, Adelaide, Perth and Canberra, twice annually for major regional centres including Newcastle, Wollongong, Geelong, Hobart, Darwin and other important regional centres in NSW, Victoria and Tasmania through to once annually for other locations around the country.

In addition to the base service, a premium add-on, MetroMap Insights enables subscribers to identify and gain insights from buildings, swimming pools, roof solar panels, trees, grass and driveways.

MetroMap revenue has risen from \$1.7 million in FY 2020 to \$10.1 million in FY 2023 largely driven by the growth in subscriptions, which contributed 71% of its revenue in FY 2023. The "off the shelf" sale of data sets contributed \$1.8 million or 18% of MetroMap revenue in FY 2023. Although this is a very profitable revenue stream with few direct costs, sales are lumpy and sales are volatile from year to year. Insights which was launched during FY 2023 generated revenue of \$387K, 4% of MetroMap's revenue.

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As at 30 June MetroMap had 1,245 active clients, up 7.2% over a year earlier and the Average Annual Recurring Revenue per user was \$6,109, up 3.7%. Although the growth in Annual Recurring Revenue has moderated since the December quarter 2021, the June quarter 2023 value was 58% higher than 2 years earlier.

Fig. 1 – Annual Recurring Revenue - MetroMap



Source: Aerometrex

MetroMap has experienced enormous growth over the past three years and with a relatively modest market share, the potential exists for Aerometrex to substantially increase its size. The capacity certainly exists for MetroMap to sustain double digit growth for the foreseeable future. Based on Nearmap’s FY 2022 revenue, the Australian market is around \$100 million. Accordingly, MetroMap’s growth will be driven by market share gains as well as market growth. We believe that a MetroMap have forecast revenue to increase by 46% to \$10.5 million over the two years to FY 2025.

Nearmap is overwhelmingly the dominant company in the aerial imaging market in Australia with FY 2022 revenue (the last year before it was acquired and taken private) of \$74.3 million. MetroMap believes that its competitive advantage lies in its customer focus, geospatial accuracy of its data, quality of imagery, pricing and flexibility in using its images and tools. These factors should drive market share gains for MetroMap, albeit off a relatively modest base.

Marketing, which is a combination of direct to end user and through distribution partners, is being strengthened to capitalise on this opportunity. Distribution partners are increasingly important as a channel, contributing 17% of MetroMap’s revenue. There are currently 28 partners who incorporate MetroMap into their own offering, the largest of whom is Landchecker (<https://landchecker.com.au/>).



In May 2023, Aerometrex announced a multi-year deal with Landchecker in a transaction that will guarantee a minimum payment of \$2.65 million over 38 months. Landchecker is a prop tech company providing “the most accurate, up-to-date property data in Australia ... property professionals use ... as their single-source of property information and data-driven insights”. The platform has a user base of over 100,000. Landchecker has acquired a fixed number of licences with the agreement allowing for the purchase additional licences over the term.

From a financial perspective, the MetroMap business model is simply about leveraging a multi-use asset against a rising user base. Once breakeven has been achieved, increasing scale delivers an outsized impact on profitability. The cost of acquiring and maintaining the asset base (the data sets) is relatively stable from year to year, at \$4 million to \$6 million

per year, with aircraft and processing costs being the principal contributors. These costs are capitalised and amortised over two years.

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Aircraft and cameras are the principal capital requirements, with the latter costing in excess of \$1 million each. With existing resources adequate to meet current data set acquisition requirements ongoing capital spending will be largely directed to replacement needs.

LiDAR

LiDAR has been Aerometrex’s largest business unit since its acquisition in 2015 and in FY 2023 it contributed 50% of total revenue. At the time of its acquisition, it almost exclusively serviced the coal mining industry but has since diversified widely and now undertakes projects in the agriculture, environmental, resources, forestry, infrastructure, engineering and urban planning industries.

LiDAR (Light Detection and Ranging) is a remote sensing technology that uses laser light to measure distances and create detailed three-dimensional maps of the environment. LiDAR works with an airborne sensor emitting laser pulses in rapid succession at an object or surface with the time it takes for the laser pulse to travel to the object and back being measured. Detailed 3D maps or models of the surroundings can be created from the data collected.

LiDAR has a wide range of applications, including:

- **Surveying and Mapping:** LiDAR is commonly used in cartography, forestry, and geology to create high-resolution topographic maps and terrain models.
- **Autonomous Vehicles:** LiDAR is a crucial technology for self-driving cars and autonomous drones. It helps these vehicles sense and navigate their surroundings by creating real-time 3D maps.
- **Environmental Monitoring:** LiDAR can be used to study vegetation, monitor deforestation, and assess the health of ecosystems.
- **Archaeology:** Archaeologists use LiDAR to discover and map ancient ruins and landscapes that may be hidden beneath vegetation or terrain.
- **Urban Planning and Development:** LiDAR assists in urban planning, infrastructure design, and flood risk assessment by providing accurate data on the built environment.
- **Meteorology:** LiDAR is used in atmospheric research to study clouds, aerosols, and other atmospheric components.
- **Industrial Inspection:** LiDAR is employed in industrial settings to inspect structures, monitor stockpile volumes, and ensure the integrity of critical infrastructure.



LiDAR provides very high spatial accuracy and resolution, making it suitable for tasks that require precise 3D mapping and object detection. However, systems can be expensive and processing costs high. Accordingly, the technology is typically favoured by governments, of all levels, and larger corporates who value the quality and detail.

LiDAR technology is advancing with increasing sensor range and resolution whilst improvements in data processing and machine learning algorithms will allow for more efficient and accurate extraction of information from LiDAR data. Coupled with a likely reduction in costs over time, new applications continue to emerge with autonomous vehicles, agriculture, smart cities, environmental monitoring and conservation and 3D mapping being some of the areas that will benefit from the technology.

Recent Aerometrex engagements have include projects for HQPlantations, Rio Tinto and NT Farmers.

Aerometrex provided high-density aerial LiDAR and aerial imagery to HQPlantations to monitor plantation performance, track forest health, understand terrain, identify natural drainage lines and map out where weed control might be required. HQPlantations is Queensland’s largest plantation grower, managing a 310,000 hectare estate of forest and lands.

Rio Tinto is undertaking mine closure activities at the Argyle Diamond Mine, which ceased operations in November 2020, in the East Kimberley region of Western Australia. Aerometrex provided high-resolution aerial imagery, LiDAR, and derived products such as a Digital Elevation Model (DEM) and a 3D model to evaluate revegetation success including vegetation cover and vegetation health in rehabilitated areas and is also used to assess the development of erosion gullies in rehabilitated areas and determine the annual change in gully size and volume over time.

In 2020-21, LiDAR captured a small area around Tipperary Station (NT), as part of a Landcare Grant, to understand and address issues pertaining to erosion mitigation and control. Some of the land on this pastoral lease station had recently been approved for non-pastoral use to grow crops and LiDAR was seen as an opportunity to help improve land and water management and cropping outcomes. This pilot was pivotal in showcasing the potential of LiDAR and the amount of detail about the land that could be obtained – not just for agricultural purposes, but for appreciation of the landscape and the environment.

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A subsequent LiDAR survey was spread across 23 locations in Northern Territory, in FY 2023. These land parcels, ranging in size from small areas of 500-600 hectares to over 45,000 hectares, were under the control of over 15 stakeholders, from individual/family landowners to large corporate entities. Aerometrex's LiDAR data is being used by these landowners to better manage their land and understanding the nuances of the landscape.

The company's capacity to undertake project work is function of the availability of aircraft and sensors. Five sensors are in operation and utilisation is high with growth constraints likely to be apparent over the next 12 to 18 months which will require the acquisition of another sensor to provide additional capacity.

The company's competitors include a number of private companies including Woolpert, Aerial Surveys, and Revelare. These companies also provide general aerial mapping services on a contract basis.

3D Modelling

3D modelling is Aerometrex's "blue sky" business unit. It is a nascent market with global potential. Aerometrex has speculatively invested in data sets in the US and is actively marketing to potential users with some success including Google.

3D models created in the US include Denver, San Francisco, Las Vegas, Los Angeles, New York, Tampa, Miami and Philadelphia. These can be viewed on Aerometrex's YouTube channel, together with Australian city models.

Although 3D imagery has been available for quite some time, with Google Earth a prime example, the quality for many users has been sub-optimal. Nonetheless, advances in camera technology and processing algorithms have enabled the production of high quality, high detail images. Demand is growing but a catalyst is required for demand to "take-off". The ultimate objective is to be able to incorporate 3D modelling in a subscription-based model similar to MetroMap, however, data acquisition and processing costs will need to markedly decline before geographic coverage similar to MetroMap could be achieved.

3D mapping plays a crucial role in spatial analysis by providing a comprehensive view of geographical data. It allows for the representation of terrain, structures, and objects in three dimensions. Typical applications include:

- **Urban Planning and Development:**
Aids in visualising proposed developments, assessing the impact on existing structures, and optimising land use.
- **Environmental Modelling:**
Assists in understanding the topography and landscape of an area, which is crucial for assessing environmental factors like drainage patterns, flood risk, and erosion.
- **Transportation Planning:**
Allows for accurate modelling of road networks, intersections, and traffic flows, contributing to efficient urban transportation planning.
- **Natural Resource Management:**
Assists in inventory management and managing natural resources within a given area.
- **Emergency Response and Disaster Management:**
Helps in simulating various disaster scenarios, aiding in preparedness and response planning.
- **Telecommunications and Network Planning:**
Assists in optimising the placement of cell towers and other network infrastructure for maximum coverage and efficiency.
- **Solar Energy Potential Assessment:**
Used to analyse location suitability for solar panel installations, taking into account factors like shading and orientation.



3D maps are created through a modelling process to generate three-dimensional representations of objects, spaces, or landscapes. The typical steps involved in creating 3D maps are:

- **Data Acquisition:**
High-resolution images taken from aircraft, satellites, drones, helicopters or from ground level "backpacks" provide the foundational data for creating 3D maps. These images capture the visual details of the terrain or objects.

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This is the initial step in determining the final quality of the output. The detail and accuracy of a survey is determined by the Ground Sample Distance (GSD), which in simple terms represents the size of one pixel on the ground. Accordingly, the smaller the GSD the more detail in the image. Most images have a GSD of 5 cm or 7.5 cm although the highest quality is at 2 cm, which Aerometrex is capable of achieving.

- **Data Processing:**

Photogrammetry: Software is used to analyse multiple overlapping images to determine the position and elevation of points on the Earth's surface. This is particularly important for creating accurate 3D models from aerial or satellite imagery.

Point Cloud Generation (LiDAR): In the case of LiDAR data, the raw laser point cloud is processed to create a detailed representation of the landscape or objects.

- **Surface Reconstruction:**

Mesh Generation: Once the point cloud or photogrammetric data is processed, a mesh is created. A mesh is a network of interconnected triangles that forms the surface of the 3D model.

- **Texture Mapping:**

Applying Textures: High-resolution images captured during data acquisition are projected onto the surface of the 3D model. This step provides realistic visual details to the model.

- **Integration and Alignment:**

If multiple data sources were used (e.g., combining LiDAR with imagery), they need to be integrated and aligned correctly to ensure accuracy and coherence in the final 3D model.

- **Model Refinement:**

The model may undergo further refinement to improve details, optimise geometry, or correct any imperfections.

Aerometrex's competitive advantage principally lies in the quality of its images, in particular its ability to deliver 2cm GSD. Ultimately the quality is driven by the cameras which it employs, its algorithms and processing procedures.

During FY 2023, Aerometrex supplied data sets to Google and Codemasters, a subsidiary of Electronic Arts and managed under its EA Sports division and a project was undertaken for the Victorian Department of Transport and Planning.

In December 2022, Google licenced data for a selection of high-resolution 3D models of various US cities. At the time, this was the largest single sale by Aerometrex of 3D models.

Aerometrex delivered a 3D model and derived imagery of Las Vegas to videogame developer Codemasters. The Aerometrex data became a foundational reference for the Las Vegas track creation for the F1® 23 videogame. The model is an ultra-high-quality 3D reality mesh mixed aerial 5cm, 2cm GSD resolutions, and street-level sub-cm. Precise spatial data underpins the model, ensuring the visual fidelity matched real-world accuracy. On 30 Oct 2023, AMX won a Geospatial Excellence Award SA (Geospatial Council of Australia) for this project. Apart from on-location photography, the entire process was planned and managed by Aerometrex staff in the Adelaide head office.

Aerometrex captured and delivered the substantial Melbourne Greenline 3D data set to the Victorian Government's Department of Transport and Planning (DTP). The multi-resolution 3D mesh model included the highest-resolution street-level imagery captured on foot, by boat and via drone for the ultimate human-scale viewing, including 2cm resolution imagery captured by helicopter for broader context.

These projects amply demonstrate the capabilities of Aerometrex and its ability to deliver for high profile users. More particularly, the US transactions successfully reflect the model the company is seeking to build which is the non-exclusive sale of licences to use the data sets. This is somewhat similar to "off the shelf" model that MetroMap also employs for the one-off sale of data sets.

Whilst 3D modelling has considerable medium to long term potential, short term revenue is likely to be lumpy and driven by a small number of projects or data set sales. The challenge for Aerometrex will be to scale up this business unit, which will most likely require significant investment in building data sets.

RISKS AND CHALLENGES

Aerometrex will face numerous market, operational and financial risks and challenges in the normal course of its business, most of which will be similarly faced by most businesses, regardless of size or maturity. These are typically managed without fanfare and addressed and mitigated within their specific business models. However, Aerometrex will face a number of specific risks and challenges which are addressed below.

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- Capital

Our forecasts indicate that Aerometrex has sufficient cash resources to fund its operations over the next two years, by which time we expect the company to be close to generating positive free cash flow. This is based on the strategy outlined in its 2023 Annual Report. Nonetheless, the company may seek opportunities to boost its reserves whilst additional funding would be required should the company choose to accelerate or expand its business development activities, such as with an acquisition. Further, it is conceivable that capital could be raised as a means to broaden its narrow shareholder base and to improve market liquidity.

- Technical Innovation

Aerometrex operates in an industry where technical innovation has and will continue to have a profound impact. Innovation impacts at both the data and image collection level as well as at the processing and analysis stage.

Drones have had a massive impact on data and image collection through their low cost and ease of use. For many applications their use is ideal although quality may not be of the highest order. In any case, they have made aerial imagery far more accessible and timely which has expanded the potential end use and user cases for the data. Camera and Sensor technology also continues to advance enabling continuing gains in quality.

These innovations provide competitive challenges for Aerometrex by reducing barriers to entry at the lower end of the market whilst increasing the cost barriers at the quality end. This would have been a contributing factor to the company's exit from the contracting sector of the aerial mapping business. Essentially Aerometrex has been pushed into the more specialised and demanding quality end of the market where capital and operating costs are relatively high.

Artificial intelligence (AI) and Machine Learning (ML) are now emerging in the industry and will have a major impact over the next few years in the processing and interpretation of the mapping data. The challenge for Aerometrex will be to harness these tools to ensure that it remains at the forefront in terms of product quality but also in the development of new tools, products and services for clients. This will require technical skills and financial resources.

- Scale-up of the US 3D business

There are high expectations regarding the potential growth and opportunity for the 3D mapping industry and no doubt AI and ML will play important roles in its development. Aerometrex has positioned itself to be a leading participant as the industry develops, especially at the quality end of the market.

Aerometrex currently undertakes contract projects and sells off the shelf data sets on an ad hoc basis but has yet to develop a scalable business model with consistent let alone recurring income. We expect that this will be achieved in due course, but the timing and capital required to support ongoing development is unclear.

The company is investing in US marketing, relationship building and keeping up with technical advances in the industry which will place it in a good position to capitalise on opportunities as they emerge. However, it appears that the industry requires a catalyst to enable it to advance to a structure more like the aerial mapping and LiDAR markets.

Financial Analysis and Forecasts

A high-level view of Aerometrex's financial results over the past two years provides a mixed perspective. Whilst FY 2023 revenue and EBITDA are 21% and 49% respectively higher than FY 2021 the net loss deteriorated. Moreover, revenue stalled, and EBITDA markedly fell compared with FY 2022. However, this masked a major change in business profile, with the exit from contract mapping in FY 2023, which contributed \$2.7 million to FY 2022 revenue. Excluding contracting from FY 2022 revenue, growth in FY 2023 was a very respectable 13.9%.

We forecast operating revenue growth of 15.5% in FY 2024 led by a 19.6% increase in subscription revenue and a further 17.0% increase in operating revenue in FY 2025. These forecasts are conservative and assume relatively modest increases in Off the Shelf and 3D revenues. These revenue sources are lumpy and have a relatively high degree of uncertainty regarding timing and size. Accordingly, we have chosen not to assume any significant growth in our forecasts for these sources, although it is entirely possible.

The EBITDA margin eased from 20% in FY 2022 to 15% in FY 2023 due to the loss of contracting revenues and inflationary pressure across key expenses. With inflationary pressures remaining place, we think it likely that the EBITDA margin will remain broadly at its FY 2023 level over the next two years.

We forecast a 33% increase in EBITDA over the next two year reaching \$5.1 million in FY 2025 and a 13% reduction in the pre-tax loss to (\$3.9 million) over the same period.

The principal short term corporate objective and key challenge for the company is to breakthrough to profitability. The key issue in this regard is the high level of depreciation and amortisation charges which are running at about \$9 million per annum. Of particular interest is the amortisation charge, at about \$6 million per year, which primarily relates to the amortisation of capitalised data set acquisition costs. Assuming depreciation and amortisation charges remain around \$9 million per annum and the EBITDA margin is

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stable at 15%, we estimate the breakeven point at around \$60 million. If Aerometrex can lift the EBITDA margin to a sustainable 20%, the breakeven point falls to around \$45 million.

Inasmuch as more than 80% of operating costs are directly related to operations (aircraft, project processing and employee benefits) and matched against (Project) revenues, we think it unlikely that sustainable EBITDA gains will be achieved from cost management, outside any structural changes. Indeed, a heightened focus on marketing may result in some accelerated expense increases.

A sustained lifting the EBITDA margin, must therefore be driven by revenue gains, especially from the Subscription business but also from Off the Shelf and 3D business units. The costs associated with this revenue are relatively fixed with margins highly leveraged to the revenue base. The impact is especially evident with Off the Shelf revenue where transactions often exceed \$1 million with very few marginal expenses. If Off the Shelf revenue of \$5 million could be achieved in FY 24 compared with our forecast of \$3.5 million, the EBITDA margin would lift to 19.2% and the pre-tax loss would be (\$3.16 million), 39% lower than our forecast loss of (\$4.66 million). This is certainly achievable.

The table below provides a comprehensive view of Aerometrex's revenue over the past four years.

Fig. 2 – Revenue Analysis

	H1 2020	H2 2020	FY 2020	H1 2021	H2 2021	FY 2021	H1 2022	H2 2022	FY 2022	H1 2023	H2 2023	FY 2023	
REVENUE													
Metromap Subscriptions		182	523	705	1,506	2,134	3,640	2,717	3,138	5,855	3,582	3,609	7,191
Off The Shelf													
3D							625	150	775	705	274	979	
LIDAR											2	2	
Metromap Datasets								2,586	2,586	10	1,799	1,809	
MetroMap Insights							625	2,736	3,361	125	262	387	
Projects													
3D	1,695	1,666	3,361	711	1,138	1,849	614	758	1,372	502	996	1,498	
LIDAR	4,224	4,699	8,923	3,645	5,284	8,929	4,953	6,366	11,319	4,776	7,987	12,763	
Metrop On Demand	576	414	990	318	524	842	179	172	351	309	423	732	
Contracting	3,420	2,692	6,112	2,394	3,287	5,681	2,251	521	2,772	-	-	-	
Total	9,915	9,471	19,386	7,068	10,233	17,301	7,997	7,817	15,814	5,587	9,406	14,993	
YoY Change (%)													
Metromap Subscriptions				727.5%	308.0%	416.3%	80.4%	47.0%	60.9%	31.8%	15.0%	22.8%	
Off The Shelf													
3D										12.8%	82.7%	26.3%	
LIDAR													
Metromap Datasets											-30.4%	-30.0%	
MetroMap Derived Data and Analytics													
Projects										34.4%	-14.6%	-5.5%	
3D				-58.1%	-31.7%	-45.0%	-13.6%	-33.4%	-25.8%	-18.2%	31.4%	9.2%	
LIDAR				-13.7%	12.4%	0.1%	35.9%	20.5%	26.8%	-3.6%	25.5%	12.8%	
Metrop On Demand				-44.8%	26.6%	-14.9%	-43.7%	-67.2%	-58.3%	72.6%	145.9%	108.5%	
Contracting				-30.0%	22.1%	-7.1%	-6.0%	-84.1%	-51.2%	-100.0%	-100.0%	-100.0%	
Total				-28.7%	8.0%	-10.8%	13.1%	-23.6%	-8.6%	-30.1%	20.3%	-5.2%	
Total				-15.1%	23.7%	4.2%	32.2%	10.7%	19.5%	-11.7%	12.1%	1.3%	

Source: CCR / Aerometrex

Over this period, total revenue increased by 26% although this was largely achieved in one year, FY2022. FY 2021 was impacted by COVID whilst FY 2023 was impacted by the exit from contracting. Whilst the results are unremarkable at a top-level view, a fundamental transformation of the business is clearly evident.

At the time of listing virtually all revenue was generated from projects. As a result of the exit from contracting and the take-off in Subscription revenue, the Projects contribution to revenue in FY 2023 was only 59%. Excluding revenue from contracting, "ongoing" revenue increased by 29% over the two years to FY 2023.

The significance of the change in profile is that Subscription and Off the Shelf revenues have few marginal costs and profitability rises steeply once revenue exceeds data acquisition/amortisation costs. This is a scale business where the asset base is leveraged against the volume of users. Revenue from Off the Shelf sales of data sets is almost entirely profit as the underlying asset base (the data set) used was acquired for and used within the subscription business.

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The share of revenue attributable to Subscription and Off the Shelf is expected to increase as their underlying operations are not capacity constrained as the LiDAR business can be. The potential for Subscription and Off the Shelf revenue is only limited by marketing spend and cloud infrastructure. On the other hand, LiDAR business growth is subject to available aircraft and sensor capacity. This capacity can be increased with capital investment and there are time lags. Nonetheless, LiDAR will remain a major and core revenue contributor.

3D modelling is a modest contributor at present although it has considerable medium- and long-term potential. Nonetheless, it is a wildcard whereby the securing of project work or the sale of existing data sets could substantially boost revenue in any given year, however, currently it has no recurring or scalable income.

With over 80% of operating costs attributable to Aircraft, Project and employee costs, there seems to be limited ability to change the overall cost structure to drive margin improvement. These costs are mostly directly attributable to project revenues with data set acquisition costs associated with MetroMap being capitalised. Therefore, we assume that these costs, must broadly move in line with revenue. Indeed, with management focussed on driving subscription revenues and boosting 3D revenues, especially in the US, we would expect to see a significant increase in business development spending such as Advertising and Marketing and Travel related expenses.

Fig. 3 – OPEX analysis

	H1 2020	H2 2020	FY 2020	H1 2021	H2 2021	FY 2021	H1 2022	H2 2022	FY 2022	H1 2023	H2 2023	FY 2023
OPEX												
Aircraft & Project Processing Costs			6,377	1,814	4,730	6,544	3,172	5,567	8,739	2,624	7,218	9,842
Employee Benefits			6,538	4,377	2,782	7,159	4,833	2,002	6,835	5,044	2,918	7,962
Advertising & Marketing			229	323	270	593	408	218	626	260	255	515
Consulting & Professional Services			163	337	283	620	643	545	1,188	303	254	557
IT & Telecommunications			579	379	88	291	481	405	76	154	188	342
Occupancy			225	164	143	307	65	109	174	85	81	166
Travel & Accommodation			123	4	94	98	182	256	438	360	203	563
Share Based Payments			363	840	493	1,333	128	86	214	113	138	251
Other			1,767	659	777	1,436	903	948	1,851	696	640	1,336
			16,364	8,897	9,484	18,381	10,815	9,326	20,141	9,639	11,895	21,534
YoY Chng												
Aircraft & Project Processing Costs						2.6%	74.9%	17.7%	33.5%	-17.3%	29.7%	12.6%
Employee Benefits						9.5%	10.4%	-28.0%	-4.5%	4.4%	45.8%	16.5%
Advertising & Marketing						159.0%	26.3%	-19.3%	5.6%	-36.3%	17.0%	-17.7%
Consulting & Professional Services						280.4%	90.8%	92.6%	91.6%	-52.9%	-53.4%	-53.1%
IT & Telecommunications						-49.7%	26.9%	360.2%	-73.9%	-68.0%	-146.4%	350.0%
Occupancy						36.4%	-60.4%	-23.8%	-43.3%	30.8%	-25.7%	-4.6%
Travel & Accommodation						-20.3%	4450.0%	172.3%	346.9%	97.8%	-20.7%	28.5%
Share Based Payments						267.2%	-84.8%	-82.6%	-83.9%	-11.7%	60.5%	17.3%
Other						-18.7%	37.0%	22.0%	28.9%	-22.9%	-32.5%	-27.8%
						12.3%	21.6%	-1.7%	9.6%	-10.9%	27.5%	6.9%

Source: CCR / Aerometrex

The Aerometrex balance sheet is relatively asset heavy with 50% of total assets less cash being attributable to net property, plant and equipment, predominantly the aircraft and data capture equipment such as cameras and sensors.

The most significant liability is Contract Liabilities which is essentially income received in advance. This relates to annual MetroMap subscription revenues, which are capitalised on invoice and amortised over the 12-month subscription period. As subscription revenues rise, the outstanding balance will also increase and will become an important source of working capital.

The company raised \$25 million at its IPO which has funded cash requirements since. As at 30 June 2023, cash balances were nearly \$10 million, about 24% of total assets. Based on the FY 2023 cash burn of \$4.4 million, cash reserves are adequate for another two years.

Debt and lease liabilities are low. Whilst free cash flow remains negative, these liabilities are expected to remain modest. However, the potential to increase gearing will occur when a breakthrough to positive free cash flow is achieved.

Whilst Aerometrex consistently generates positive Net Operating Cash Flows, considerable investment in fixed assets (aircraft, cameras, sensors) and data set capture, free cash flow continues to be negative. However, based on our forecast EBITDA over the next two years and assuming that investment remains under \$10 million per annum, this deficit is expected to considerably narrow and could be under \$1 million in FY 2025 with a (potential) breakthrough to positive free cash flow in FY 2026. Accordingly, we think that existing cash resources will be adequate to fund the company over the next two years. This does not exclude the possibility of a capital raising, which could be undertaken as strategic decision to fund an acceleration in business development or an investment.

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Valuation

Aerometrex listed on the ASX in December 2019 having raised \$25 million, at \$1.00 per share, through an IPO which valued the company at \$94 million. On listing, the price share quickly rose to a peak of \$2.50 valuing the company at \$235 million. Since reaching this peak, the share price has steadily declined and currently sits at \$0.285 with a valuation of \$27.0 million.

Leaving aside whether the share price should have surged as it did immediately on listing, the steady decline can be attributable to a number of factors including;

- Unrealised growth expectations

The post listing surge to a valuation of \$230 million was driven by what eventually proved to be unrealistic growth expectations. It was therefore inevitable that the share price would retrace to find a more appropriate level. The fact that the stock has not found a base from which it could rebuild, can in part be attributed to the relatively moderate revenue growth that has been achieved since listing, notwithstanding the change in business profile and much stronger core growth.

A sustained period of decent (double digit) revenue growth together with some positive trends in the 3D business would be foundational for a resetting of expectations and in providing a base from which the share price can recover.

- Poor market conditions and a general downgrading of technology stocks

The environment for small technology companies at the time of listing was very buoyant with a relatively relaxed atmosphere for valuations and capital raising. However, against the background of the COVID pandemic and the subsequent outbreak of global inflation and a surge in interest rates, the environment for these companies has turned sour and valuations generally have been severely marked down. This has been especially the case for smaller companies still burning cash and at risk of raising capital.

Lower interest rates, and a more stable global economic and political environment would obviously have a positive flow through impact on the Aerometrex share price, although this is a non-controllable dynamic.

- Tight share register and weak liquidity

The tight share register is problematic and is a principal factor in the low level of liquidity. Average daily volume over the past 3 months is around 2,500, which is exceptionally low. The shareholder base is highly concentrated with 7 shareholders holding a combined 66.5% of the issued capital. Perennial Value Management is the largest shareholder with 14.2%. The other top shareholders are either currently employed in the company or were formerly employed and all appear to be long term holders.

A less concentrated and more liquid share register would be more attractive to institutional and trading oriented shareholders which could lead to stronger valuation multiples.

So, what is Aerometrex worth? Determining a reasonable valuation for the stock is highly challenging as there are very few listed companies, in Australia or elsewhere that are directly comparable. Further, it is difficult to identify ASX listed technology companies of similar market cap that are generating an operating profit (EBITDA), as is Aerometrex.

Positive valuation factors for Aerometrex include:

- Operates in a rapidly growing market with global opportunities
- It is leveraging advanced technology in its product portfolio
- Has a strong revenue base with rapidly rising recurring income (subscription revenues)
- Has sustainable double digit underlying revenue growth
- Generating operating profit with declining cash burn
- The acquisition of Nearmap and high overseas valuations of similar companies provides a favourable reference point

Negative valuation factors include:

- Very tight share register
- Small overall size
- Negative free cash flow
- Limited short term "Blue Sky" potential

Aerometrex is heading in the right direction both strategically and financially with a clear pathway to profitability. Forecast revenue growth over the next few years will be strong but will most likely lack any "spectacular" surge. Nonetheless, once the profit breakthrough has been achieved the growth in profit and free cash flow should be very rapid.

Aerometrex is currently trading on an Enterprise Value to EBITDA of 4.5x or M-Cap to Revenue multiple of 1.1x. These values are very low, even allowing for the relatively small size of the company.

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Nearmap is Aerometrex's most direct competitor and its valuation at the time of its acquisition in 2022 serves as a reference point if not a benchmark. The acquisition valued Nearmap at \$1.0 billion with an EV/EBITDA multiple of 33.6 times and a M-Cap/Revenue multiple of 6.8 times. Even allowing for an inflated acquisition price, these multiples are not necessarily extreme. Netherlands based and London Listed Fugro, which is also a geospatial business, is currently trading on multiples of 26.0 and 3.1 times respectively.

In the Australian market, two geospatial companies, Veris and Pointerra have similarities with Aerometrex. Veris is a mature business with a troubled profit record yet has a comparable EV/EBITDA multiple to Aerometrex. On the other hand, Pointerra is an emerging business commercialising its spatial 3D technology. With revenue barely a quarter that of Aerometrex, its market cap is 2.5 times larger, with a M-Cap/Revenue multiple of 8.4 times. It generated an EBITDA loss in FY 2023.

It is very difficult to identify technology companies with a market cap of less than \$100 million that are achieving a positive EBITDA leaving M-Cap/Revenue as the default metric. In the table below we also have identified a few companies, in unrelated industries, that are profitable, and they have EV/EBITDA multiples considerably higher than Aerometrex.

Fig. 4 – Comparative Valuation Analysis

Stock	Code	M-Cap (\$m)	Ent. Value (\$m)	Revenue FY 23 (\$m)	M-Cap/Rev (X)	Free Cash Flow FY 23 (\$m)	EBITDA FY 2023 (\$m)	EV/EBITDA (X)
Aerometrex	AMX	24.6	16.6	25.4	1.0	-4.8	3.8	4.4
COMPARABLES								
Veris	VRS	36.9	43.6	100.0	0.4	4.1	9.9	4.4
Pointerra	3DP	61.4	60.2	7.3	8.4	-2.0	-2.1	N/A
GENERAL								
Dubber	DUB	59.8	66.2	30.0	2.0	-49.9	-58.2	N/A
Kinatico	KYP	40.2	32.1	27.7	1.5	-0.3	2.6	12.3
Adacel Tech	ADA	54.1	60.7	41.1	1.3	3.7	4.4	13.8
Vysarn	VYS	73.6	76.2	64.8	1.1	2.9	12.5	6.1
Soco Corp	SOC	35.6	29.1	20.0	1.8	1.9	2.3	12.7
INTERNATIONAL COMPARABLES								
Fugro NV	OLNT.L	€1,580	€1,846	€509	3.1	€5	€70.9	26.0
Planet Labs	PL. NYSE	USD611	USD 269	USD 54	11.3	USD -22.1	USD -31.5	N/A
Nearmap		A\$1,000	A\$906	A\$146	6.8	A\$-28	A\$27	33.6

Source: CCR / company

We believe that its strategic direction and revenue/profit growth outlook over the next few years warrants an EV/EBITDA multiple 10 – 15 times. This would be equivalent to a Revenue/M-Cap multiple of between 1.5 and 2.3 times and implies a share price of between 40 cents and 61 cents per share, considerably higher than the current price of 28.5 cents per share. These multiples are based on FY 2023 EBITDA and Revenue rather than forecasts.

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Year Ending June	2021 (A)	2022 (A)	2023 (A)	2024 (F)	2025 (F)
Income Statement					
Revenue					
Subscriptions	3,640	5,855	7,191	8,600	10,500
Off the Shelf	-	3,361	3,177	3,500	3,800
Projects	17,301	15,814	14,993	17,200	20,000
Operating Revenue	20,941	25,030	25,361	29,300	34,300
Net Operating Expenses					
Aircraft & Project Processing Costs	(6,544)	(8,739)	(9,842)	(11,100)	(12,700)
Employee Benefits	(7,159)	(6,835)	(7,962)	(9,400)	(11,000)
Other Operating Expenses	(4,678)	(4,567)	(3,730)	(4,400)	(5,500)
Total Operating Expenditure	(18,381)	(20,141)	(21,534)	(24,900)	(29,200)
EBITDA	2,560	4,889	3,827	4,400	5,100
Margin	12%	20%	15%	15%	15%
Other Revenue	304	2,813	-	-	-
Depreciation & Amortisation	(7,027)	(8,446)	(9,181)	(9,179)	(9,179)
EBIT	(4,163)	(744)	(5,354)	(4,779)	(4,079)
Net Interest Expense	(12)	(69)	194	121	133
Net Profit Before Tax	(4,175)	(813)	(5,160)	(4,658)	(3,946)
Tax Expense	94	214	918	1,165	987
Net Profit After Tax	(4,081)	(599)	(4,242)	(3,494)	(2,960)

Year Ending June	2021 (A)	2022 (A)	2023 (A)
Balance Sheet			
Cash	16,553	14,144	9,828
Receivables	2,965	5,907	6,112
Contract Assets	719	311	738
Other Current Assets	1,140	477	623
Total Current Assets	21,377	20,839	17,301
Property Plant & Equipment	16,729	14,791	15,897
Intangibles	8,125	9,040	7,921
Deferred Tax Assets	-	-	552
Total Non-Current Assets	24,854	23,831	24,370
Total Assets	46,231	44,670	41,671
Payables	2,655	2,768	2,846
Corporate Tax Payable	-	159	159
Contract Liabilities	2,794	3,476	3,728
ST Debt	631	266	784
Lease Liabilities	54	345	383
Employee Benefits	1,601	1,846	1,895
Other	629	-	-
Total Current Liabilities	8,364	8,860	9,795
LT debt	2,437	622	1,259
Deferred Tax Liabilities	82	366	-
Leases	518	1,684	1,436
Employee Benefits	133	137	183
Total Non-Current Liabilities	3,170	2,809	2,878
Total Liabilities	11,534	11,669	12,673
Net Assets	34,697	33,001	28,998
Ordinary Equity	32,892	32,892	33,021
Reserves	1,728	1,733	224
Minority Interest	370	-	-
Retained Profits	(293)	(1,624)	(4,247)
Total Equity	34,697	33,001	28,998

Year Ending June	2021 (A)	2022 (A)	2023 (A)
Cash Flow Statement			
Net Profit / (Loss)	-4,081	-599	-4,242
Non Cash Adjust.			
Depr'n, Amort & Impairmt	7,027	8,446	9,181
Gain on the sale of Assets	0	-2,813	
Non-cash Share Based Payments	1,333	214	251
Other	-31	82	38
	8,329	5,929	9,470
Changes in Working Capital			
Receivables	-453	-2,942	-205
Contract Assets	-156	408	-427
Deferred Tax Asset	1,418	-	-552
Other CA	-681	663	-146
Payables	-1,612	113	78
Contract Liabilities	1,460	682	252
Employee Entitlements	282	249	95
Current Tax Liabilities	-1,506	408	-366
Other CL	2,081	41	67
	833	-343	-1,204
Net Cash From Operations	5,081	4,987	4,024
Investing			
Net PPE	-4,597	3,525	-3,823
Intangibles	-5,849	-6,530	-4,979
Acquisitions		-629	
Net cash used in Investing	-10,446	-3,634	-8,802
Financing			
Debt Drawdowns			1,210
Debt Repayments	-286	-2,180	-348
Lease Repayments	-8	-147	-350
Equity		-370	-50
Dividends	-27	-1,064	
Net Cash from Financing	-321	-3,761	462
Net Change in Cash	-5,686	-2,408	-4,316

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Key People

Mark Lindh, Independent Non-Executive Director, Chair

Mark is a corporate advisor with significant experience in advising predominantly listed companies encompassing a range of industries including technology, energy, resources, infrastructure and utilities. He has extensive experience in Australian equity and debt markets and advising clients on capital raisings, mergers and acquisitions and investor relations.

Peter Foster, Independent Non-Executive Director

Peter has extensive business experience across a variety of industries. He is a creative entrepreneur with wide-ranging experience in developing innovative technologies for global markets. Peter has founded and grown numerous technology and commercial ventures and holds over 40 international patents in optics and precision electronics. He has also held senior scientific positions with a local medical laser manufacturer and with the Department of Metallic Materials, University of Bayreuth, Germany, and has delivered intensive courses on startups and technology commercialisation for the University of Adelaide.

Matthew White, Non-Executive Director

Matthew was appointed as Financial Controller of Aerometrex in 2008 and subsequently Finance Director 2011. Matthew has over 30 year's experience as an accountant, business and taxation advisor, mortgage broker and financial planner.

Donald McGurk, Independent Non-Executive Director

Donald is the former Managing Director and CEO of Codan Ltd (ASX: CDA), a position he held since 2010 before retiring in February 2022. During this time, he oversaw significant growth in the company including the expansion of its global operations and entry into the ASX200.

Steve Masters, Managing Director and Chief Executive Officer

Steve assumed the role of Chief Executive Officer and Managing Director in February 2022. He has over 25 years of wide-ranging experience in the infrastructure, energy, and resources industry. This includes extensive senior executive-level experience in large Australian companies. Prior to joining Aerometrex, Steve was the Chief Executive at ElectraNet for seven years. In previous roles, he was recognised for his achievements in reshaping corporate strategies and developing and capturing a strong project pipeline of new material growth opportunities. At ElectraNet, Steve successfully led a high-profile critical infrastructure business with an asset base of more than \$3.5 billion, oversaw the development and implementation of industry-first innovations, and maintained excellent relationships across a diverse range of stakeholder groups from customers to regulators. Steve brings leadership skills and a strong strategic, commercial, and business development skillset including corporate strategy, M&A, domestic and international corporate development, and building successful relationships with key stakeholder groups.

Kaitlin Smith, Company Secretary

Kaitlin was appointed to the position of Company Secretary on 25 November 2019. She provides company secretarial and accounting services to various public and proprietary companies.

Chris Mahar, Chief Financial Officer

Chris joined Aerometrex in October 2019 just prior to the company listing on the ASX in his current role as Chief Financial Officer. Chris has more than 30 years of experience across commerce and professional practice in advisory services and brings this commercial experience to the role.

He is responsible for leading the Group's corporate services functions of the business encompassing people, finance, tax, investor relations, insurance, risk, ICT and property.

David Byrne, General Manager Global 3D

David joined Aerometrex in 2000 as Aerometrex's Chief Photogrammetrist. He has been largely responsible for Aerometrex's successful technical programme, having managed and overseen its IT infrastructure, research and development and led much of the product development including Aerometrex's 3D product line and its sensor technology.

David is responsible for leading the Global 3D business and his priority is to drive the expansion of high-resolution 3D models, seek new markets and pursue technical innovation leveraging ML / AI & game engines to enhance product offerings or workflow efficiencies.

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Stuart Wileman, General Manager MetroMap

Stuart joined Aerometrex in October 2018 in the role of Production Manager having more than twenty years of experience within the aerial imaging industry and was subsequently appointed to the role of General Manager MetroMap in September 2022. Stuart has a broad skill set covering both commercial and technical operations in addition to a strong history of leadership roles.

Stuart leads the MetroMap business and is focused on meeting the key objectives of a subscription-based business model – scale of revenue and optimisation of the MetroMap capture program. This includes leading key stakeholder relationships and delivering commercial outcomes, product development, cost and process efficiencies and driving ongoing technological advancements.

Matthew Simmons, General Manager LiDAR

Matthew joined Aerometrex in February 2020 as Assistant General Manager LiDAR having more than 15 years of experience on the geospatial industry across the Asia Pacific Region and was subsequently appointed to the role of General Manager LiDAR in September 2022. Matthew has spent more than ten years working in a variety of roles specialising in LiDAR & aerial surveying and brings this commercial & practical experience to the role.

Matthew is responsible for the LiDAR business unit and his priorities are to drive sustainable growth within the LiDAR business unit, ensuring the continuous improvement of LiDAR operations and sustain industry leading levels of data quality and accuracy.

Kobus Swart, General Manager Aviation

Kobus joined Aerometrex in January 2023 in his current role of General Manager Aviation. Kobus has more than 40 years of aviation experience as a pilot and senior executive across military, training, commercial and business & corporate jet experience. With his operational and executive management experience he has led operational flight units and corporate flight departments as the Accountable Manager for multiple Regulatory Authorities.

Kobus is responsible to safely and effectively lead the Aviation Business Unit to achieve the aerial capture requirements of the company. This includes ensuring that safety is a key priority and that all regulatory requirements are met. A key focus is to ensure that all of the capture requirements are being met in accordance with operational plans while managing the external factors of weather and air traffic control.

Aerometrex (AMX)

Aerial mapping and geospatial insights

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