

Dropsuite Limited

The breakout quarter

DSE's 2Q24 result was positive, with record quarterly paid user adds (112k), solid partner growth (+51% vs OMLe +35), and robust ARR (\$26.5m, +30%), continuing to underpin our long-term positive view. ARPU of \$1.64 was slightly lower, driven by a shift in product mix. DSE trades on just 5x FY24 ARR, is growing at >30% and has delivered positive FCF for 9 consecutive quarters. We maintain a BUY and increase our TP 14% to \$3.84/sh.

2Q24: The breakout quarter

- Record users adds.** DSE's record quarterly user seat adds of +112k was strong and the standout of the result, coming in +49% ahead of OMLe (+75k) and breaking a ten-quarter trend of circa ~80-90k adds. Management noted it was a consistently strong quarter off the back of winning a large MSP business in North America, notable wins in the APAC region (specifically ANZ), and further delivery out of EMEA.
- Direct partner growth.** DSE added +53 new direct partners QoQ, +51% ahead of OMLe (+35), another highlight from the result. Partner growth is a lead indicator of future growth / performance and should not be overlooked.
- ARR re-accelerating.** US\$ ARR of \$26.5m (+30% YoY) was in line with OMLe at \$26.3m and remains robust, delivering +\$1.9m QoQ and representing a further re-acceleration from +\$1.5m/+\$1.6m in Q4/Q1.
- Cash result.** DSE delivered its 9th consecutive positive FCF quarter at +\$0.5m (OCF +\$0.5m). We expect this level of FCF generation to be maintained (i.e. not rise materially) as DSE invests to support future scale.
- ARPU slightly lower.** ARPU at \$1.64 came in -1%/-2% QoQ/OMLe, driven by a shift in product mix with attribution to deployments on the backup skew and the newer, not-for-profit (NFP) skew, a product typically offered at a discounted rate. Importantly, the NFP skew is profitable and opens a new, in demand segment for DSE in partnership with Pax8.
- Churn** is back to normalised levels of <3% after ~5% in the prior quarter.

Impact

- Aside from ARPU, today's result was strongly ahead of our expectations. Ultimately, DSE trades below ASX peers at 5x ARR, despite faster growth (>30% vs 22%) and consistent profitability.

Maintain BUY recommendation, TP lifts 14% to \$3.84/sh

- We maintain a BUY recommendation and lift our TP to \$3.84/sh.

Year-end December (\$)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (\$m)	20.7	30.6	41.7	55.1	67.9
EBITDA (\$m)	1.3	1.1	2.6	5.1	8.5
EBIT (\$m)	1.2	0.9	2.4	4.8	8.1
Reported NPAT (\$m)	1.5	1.5	3.2	5.7	8.2
Reported EPS (c)	2.1	2.2	4.5	8.0	11.4
Normalised NPAT (\$m)	1.5	1.5	3.2	5.7	8.2
Normalised EPS (c)	2.1	2.2	4.5	8.0	11.4
EPS Growth (%)	2,124.8	3.1	108.3	77.8	42.2
Dividend (c)	-	-	-	-	-
Net Yield (%)	-	-	-	-	-
EV/EBITDA (X)	-	-	-	40.8	23.7
Normalised P/E (x)	-	-	75.5	42.5	29.9
Normalised ROE (%)	6.4	6.0	11.1	17.2	20.2

Source: OML, Iress, Dropsuite Limited

Last Price

A\$3.40

Target Price

A\$3.84 (Previously A\$3.38)

Recommendation

Buy

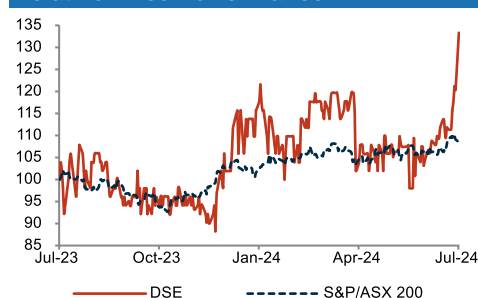
Risk

Higher

IT Services

ASX Code	DSE
52 Week Range (\$)	2.25 - 3.40
Market Cap (\$m)	234.1
Shares Outstanding (m)	68.9
Av Daily Turnover (\$m)	1.5
3 Month Total Return (%)	28.3
12 Month Total Return (%)	21.4
Benchmark 12 Month Return (%)	8.4
NTA FY24E (¢ per share)	50.6
Net Cash FY24E (\$m)	26.4

Relative Price Performance



Source: FactSet

Consensus Earnings

	FY24E	FY25E
NPAT (C) (\$m)	2.6	3.9
NPAT (OM) (\$m)	3.2	5.7
EPS (C) (c)	3.1	4.3
EPS (OM) (c)	4.5	8.0

Source: OML, Iress, Dropsuite Limited

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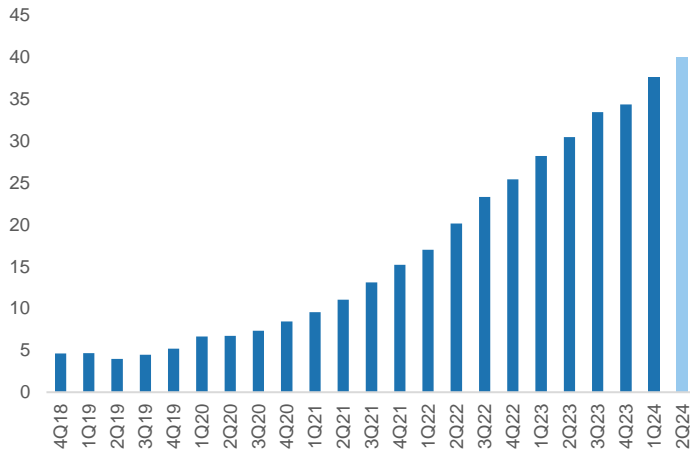
Figure 1: Financial Summary

Code	DSE					
Analysts	Lindsay Bettiol	Milo Ferris				
Date	22/07/2024					
Share Price	\$3.40					
Market Capitalisation (A\$m)	\$237.5					
Enterprise Value (A\$m)	\$214.6					
PROFIT & LOSS (Dec Year End)		FY22A	FY23A	FY24F	FY25F	FY26F
Revenue	A\$m	20.7	30.6	41.7	55.1	67.9
COGS	A\$m	-7.1	-9.7	-12.9	-16.7	-19.8
Gross Profit	A\$m	13.6	20.9	28.8	38.4	48.0
Other Income	A\$m	0.0	0.0	0.0	0.0	0.0
Expenses	A\$m	-12.4	-19.8	-26.2	-33.3	-39.6
EBITDA	A\$m	1.3	1.1	2.6	5.1	8.5
Depreciation & Amortisation	A\$m	-0.1	-0.2	-0.2	-0.2	-0.3
EBIT	A\$m	1.2	0.9	2.4	4.8	8.1
Net Interest Expense	A\$m	0.3	0.7	0.8	0.9	1.1
Minorities	A\$m	0.0	0.0	0.0	0.0	0.0
Reported PBT	A\$m	1.5	1.6	3.2	5.7	9.2
Tax Expense / (Credit)	A\$m	0.0	0.0	0.0	0.0	-1.1
Reported NPAT	A\$m	1.5	1.5	3.2	5.7	8.2
Significant Items & FX	A\$m	0.0	0.0	0.0	0.0	0.0
Underlying NPAT	A\$m	1.5	1.5	3.2	5.7	8.2
BALANCE SHEET		FY22A	FY23A	FY24F	FY25F	FY26F
Assets						
Cash	A\$m	22.3	24.3	26.4	30.8	37.5
Receivables	A\$m	4.1	5.9	7.9	10.2	12.5
Prepayment & Other Receivables	A\$m	0.4	0.7	0.7	0.7	0.7
PPE	A\$m	0.1	0.1	0.2	0.2	0.3
Goodwill & Intangibles	A\$m	0.0	0.0	0.0	0.0	0.0
Other Assets	A\$m	0.1	0.2	0.2	0.2	0.2
Total Assets	A\$m	26.9	31.2	35.4	42.1	51.2
Liabilities						
Payables	A\$m	2.5	3.2	4.1	5.1	6.1
Accrued Liabilities	A\$m	0.0	0.0	0.0	0.0	0.0
Borrowings	A\$m	0.0	0.0	0.0	0.0	0.0
Provisions	A\$m	0.0	0.0	0.0	0.0	0.0
Deferred Liability	A\$m	0.1	0.2	0.2	0.2	0.2
Other Liabilities	A\$m	0.0	0.4	0.4	0.4	0.4
Total Liabilities	A\$m	2.7	3.8	4.7	5.7	6.7
Equity						
Share Capital	A\$m	43.4	43.4	43.4	43.4	43.4
Other Equity	A\$m	1.0	2.6	2.6	2.6	2.6
Retained Earnings	A\$m	-20.2	-18.6	-15.4	-9.6	-1.4
Total Shareholders Equity	A\$m	24.2	27.4	30.6	36.4	44.5
BV per share	Acps	3.5	3.9	4.3	5.1	6.3
NTA per share	Acps	3.8	4.4	5.0	5.9	7.2
CASH FLOW		FY22A	FY23A	FY24F	FY25F	FY26F
Cash at Start	A\$m	21.6	22.3	24.3	26.4	30.8
Cash Flow from Operations	A\$m	0.9	2.3	2.3	4.7	7.1
Capex	A\$m	-0.1	-0.1	-0.2	-0.3	-0.4
Free Cash Flow	A\$m	0.9	2.1	2.1	4.4	6.7
Cash Flow from Investing	A\$m	-0.1	-0.1	-0.2	-0.3	-0.4
Cash Flow from Financing	A\$m	0.0	0.0	0.0	0.0	0.0
Cash at End	A\$m	22.3	24.3	26.4	30.8	37.5
FCF per share (cps)	Acps	1.2	3.0	2.9	6.2	9.4
FCF / Underlying NPAT	%	58%	139%	65%	77%	82%
FCF Yield	%	0.4%	0.9%	0.9%	1.8%	2.8%
EARNINGS		FY22A	FY23A	FY24F	FY25F	FY26F
EPS - Underlying	Acps	2.1	2.2	4.5	8.0	11.4
EPS Growth - Underlying	%	2125%	3%	108%	78%	42%
EPS - Reported	Acps	2.1	2.2	4.5	8.0	11.4
Diluted shares	m	699.5	711.2	711.2	711.2	711.2
DPS	Acps	0.0	0.0	0.0	0.0	0.0
Dividend Yield	%	0%	0%	0%	0%	0%
Payout Ratio	%	0%	0%	0%	0%	0%
VALUATION		FY22A	FY23A	FY24F	FY25F	FY26F
EV/Revenue	x	10.4	7.0	5.1	3.8	2.9
EV/EBITDA	x	n.m.	193.0	81.5	40.8	23.7
EV/EBIT	x	n.m.	242.6	88.1	42.9	24.6
P/E - Underlying	x	n.m.	157.3	75.5	42.5	29.9
Price/Book	x	98.2	88.3	79.0	66.5	54.3
Price/NTA	x	88.4	77.6	68.4	57.4	47.2
Price/FCF	x	279.5	113.3	116.9	55.0	36.3
GROWTH		FY22A	FY23A	FY24F	FY25F	FY26F
Revenue	%	77%	48%	36%	32%	23%
Total Expenses	%	66%	52%	32%	28%	19%
EBITDA	%	n.m.	-12%	135%	96%	67%
Adjusted EBITDA	%	n.m.	29%	77%	64%	49%
PBT	%	n.m.	9%	104%	78%	61%
Reported NPAT	%	n.m.	5%	110%	78%	42%
Underlying NPAT	%	n.m.	5%	110%	78%	42%
MARGINS & RETURNS		FY22A	FY23A	FY24F	FY25F	FY26F
Gross Margin	%	65.8%	68.3%	69.0%	69.8%	70.8%
EBITDA Margin	%	6.0%	3.6%	6.2%	9.2%	12.4%
Adj. EBITDA Margin	%	10.2%	8.9%	11.5%	14.3%	17.3%
EBIT Margin	%	5.8%	2.9%	5.7%	8.8%	12.0%
Underlying NPAT Margin	%	7.1%	5.0%	7.7%	10.4%	12.0%
ROE	%	6.4%	6.0%	11.1%	17.2%	20.2%
ROA	%	5.4%	5.1%	9.1%	13.6%	15.9%
Effective Tax Rate	%	0.0%	0.0%	0.0%	0.0%	11.6%
GEARING		FY22A	FY23A	FY24F	FY25F	FY26F
Net Debt / (Cash)	A\$m	-22.3	-24.3	-26.4	-30.8	-37.5
Enterprise Value	A\$m	215.2	213.2	211.2	206.7	200.0
Net Debt/EV	%	-10.4%	-11.4%	-12.5%	-14.9%	-18.8%
Net Debt/Equity	%	-92.2%	-88.7%	-86.2%	-84.7%	-84.3%
Net Debt/EBITDA	x	-17.9	-22.0	-10.2	-6.1	-4.4
EBITDA/Net Interest	x	4.8	1.6	3.1	5.5	7.7
SEGMENTS		FY22A	FY23A	FY24F	FY25F	FY26F
Revenue	A\$m	20.7	30.6	41.7	55.1	67.9
ARR (AUD)	\$m	25.4	34.3	47.4	58.6	71.8
ARR (USD)	\$m	17.2	23.0	30.8	38.1	46.7
ARPU (Monthly, AUD)	\$	2.3	2.5	2.6	2.7	2.7
ARPU (Monthly, USD)	\$	1.5	1.7	1.7	1.7	1.8
CAC Payback		5.4	9.3	7.7	11.3	11.2

Source: Ord Minnett Research

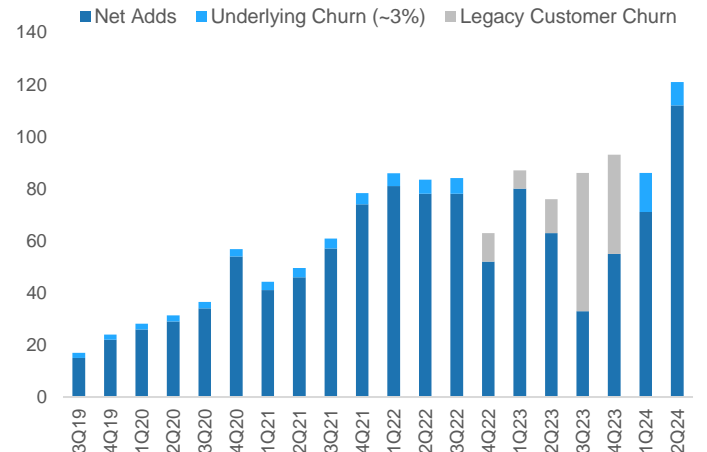
2Q24: KPI Dashboard

Figure 2: ARR +\$1.9m in 2Q24



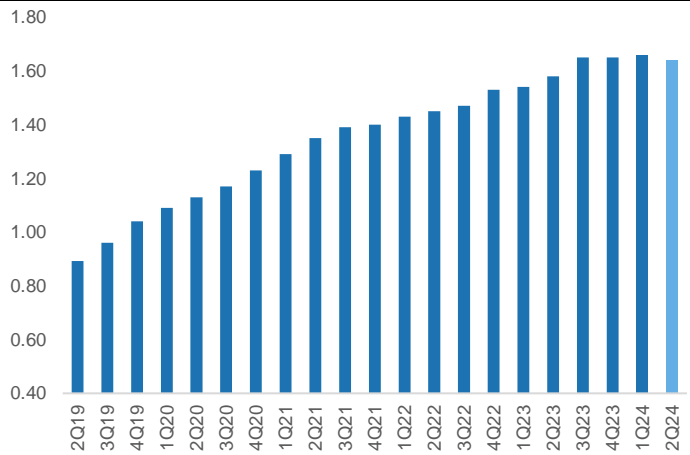
Source: Company reports, OMLe
Units: A\$m

Figure 3: Paid users +112k after strong wins



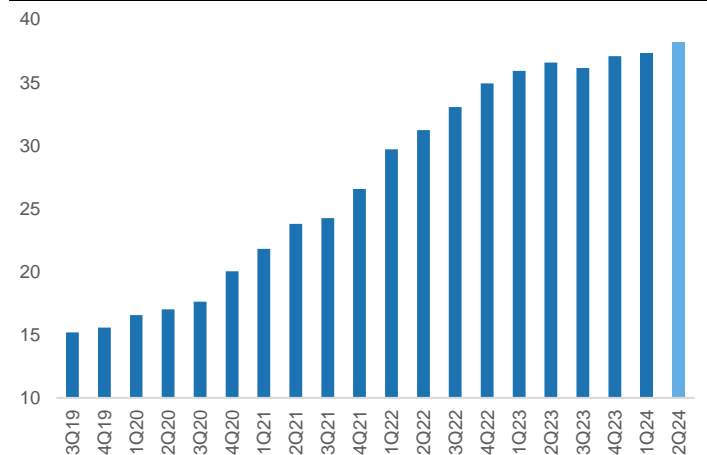
Source: Company Reports, OMLe
Units: 000s

Figure 4: ARPUs were down -1% due to product mix



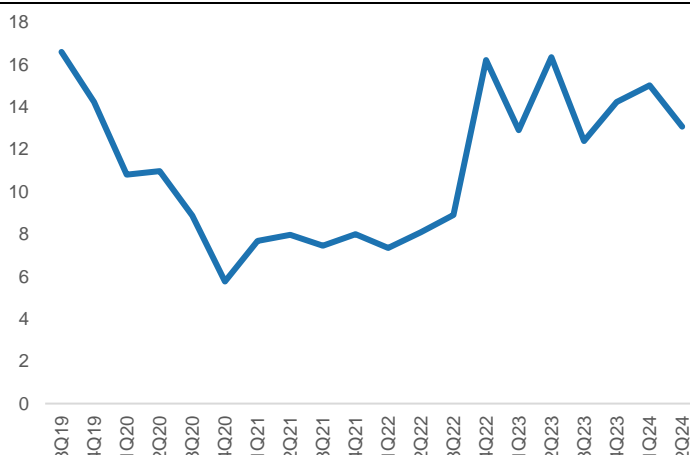
Source: Company Reports, OMLe
Units: US\$

Figure 5: ARR/partner shows increasing penetration



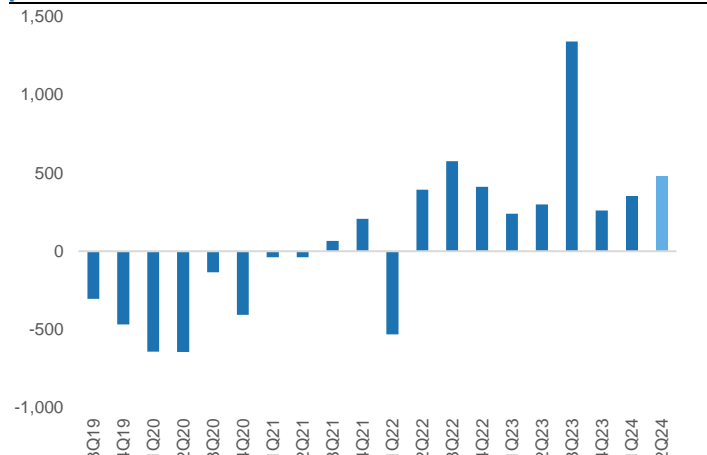
Source: Company Reports, OMLe
Units: A\$000s

Figure 6: At ~\$13, CAC payback remains comfortably <12 months



Source: Company Reports, OMLe
Units: A\$

Figure 7: DSE delivered an 9th consecutive quarter of positive FCF



Source: Company Reports, OMLe
Units: A\$000s

2Q24 Result Summary

Summary

- ARR.** USD ARR of \$26.5m (+30% YoY) was ahead of our estimate for \$26.3m (+US\$1.9m vs +\$1.7m) QoQ, this represents a continued \$ re-acceleration from +\$1.6m in 1Q24 (and +\$1.5m in 4Q23). AUD ARR of \$39.9m, +31% (OMLe \$39.9m) was in-line.
- Net paid user** adds, the standout of this result (and a quarterly record), of +112k (OMLe = +75k) was a strong beat and represented a continuation of the recent QoQ re-acceleration we've seen in this metric (Q3/Q4/1Q +33k/+55k/+71k), with churn of <3% returning to more normal levels from the prior quarter (~5%).
- Direct partner** growth of +53 QoQ was also very strong (OMLe = +35), with total direct partners ending the quarter at 713, while indirect transacting partners rose by 295. Partner growth is a lead indicator of future growth / performance and should not be overlooked. DSE expects these increased MSP and channel partners to 'grow seat add momentum through 2024'.
- Unit economics.** Measures of unit economics were decent in Q2, with (1) ARPUs +4% YoY, albeit down -1% QoQ due to product mix shift, (2) GP margins held steady at 69%, (3) ARR / partner continuing to move higher, +2% YoY. On balance, these results were broadly in-line versus our estimates (refer figure below).
- Cash flows.** OCF of \$0.5m represented the company's 9th consecutive positive OCF quarter. FCF was +\$0.5m. DSE expects to continue investing for growth.
- Balance sheet.** DSE remains well-funded with \$25.1m in cash at June 30. We continue to expect a portion of these funds will be allocated to value-accretive M&A over time.
- CrowdStrike Impact.** The IT outage caused by a CrowdStrike update to Microsoft this week impacted an estimated 8.5m devices, predominantly on the Windows operating system (OS). DSE's customers are predominantly Mac and Linux OS users, resulting in minimal impact for their user base. Albeit the event served a strong reminder of the importance of having a backup solution.

Figure 8: 2Q24 Result & KPI summary

Quarterly Summary	Units	Actual						OMLe		YoY %	QoQ %
		2Q23	3Q23	4Q23	1Q24	2Q24	2Q24	Diff.	2Q24		
Paid users	000s	1,078	1,111	1,166	1,237	1,349	1,312	3%	25%	9%	
Gross new*	000s	76	86	93	86	121	88	38%	60%	42%	
Net new	000s	63	33	55	71	112	75	49%	78%	58%	
ARPU	US\$/m	1.58	1.65	1.65	1.66	1.64	1.67	-2%	4%	-1%	
ARR	US\$m	20.5	21.5	23.0	24.6	26.5	26.3	1%	30%	8%	
ARR	A\$m	30.4	33.4	34.3	37.6	39.9	40.5	-1%	31%	6%	
Partners	#	559	594	620	660	713	695	3%	28%	8%	
New	#	35	35	26	40	53	35	51%	51%	33%	
ARR / partner	US\$000s	36.6	36.1	37.1	37.3	37.2	37.8	-2%	2%	0%	
OCF	A\$m	0.3	1.4	0.3	0.4	0.5	0.6	-4%	59%	38%	
Cash at hand	A\$m	23.0	24.6	24.3	24.9	25.1	25.1	0%	9%	1%	
KPIs											
ARR	US\$, YoY	45%	37%	34%	31%	30%	29%	4%			
Paid users	YoY	33%	25%	25%	22%	25%	22%	16%			
ARPU	US\$, YoY	9%	12%	8%	8%	4%	6%	-33%			
ARR / partner	YoY	17%	9%	6%	4%	2%	3%	-51%			
GP margins		69%	68%	70%	69%	69%	69%	0%			

Source: Company Reports, Ord Minnett Limited estimates

Estimate & Price Target Changes

Estimates

DSE's 2Q24 result was above our estimates across most key metrics, which sees our forecasts adjusted broadly higher.

- **Revenues** lift 0-7% through FY26, driven by higher user assumptions after and partially offset in the near term by the downwards revision of ARPU.
- **GP up/GP% margin flat.** Gross profits lift in step with revenues with no change to our GP% margin.
- **EBITDA** moves in step with the above-mentioned changes to our model.
- **Price Target remains lifts 14% to \$3.84/sh.** Following changes to our revenue driving assumptions and the roll forward of our model, our PT lifts 14% to \$3.84/sh.

Figure 9 provides an overview of these changes.

Figure 9: Estimate changes summary

Estimate Changes	Units	FY24			FY25			FY26		
		Old	New	% chg	Old	New	% chg	Old	New	% chg
Paid users	000s	1,466	1,528	4%	1,741	1,836	5%	1,979	2,098	6%
ARPU	A\$/m	2.60	2.58	-1%	2.65	2.66	0%	2.69	2.70	1%
ARR	A\$m	45.8	47.4	4%	55.4	58.6	6%	63.8	68.1	7%
Revenue	A\$m	41.6	41.7	0%	52.7	55.1	5%	63.7	67.9	7%
Gross Profit	A\$m	28.7	28.8	0%	36.8	38.4	5%	45.1	48.0	7%
Margin	%	69.0%	69.0%	0%	69.8%	69.8%	0%	70.8%	70.8%	0%
Opex	A\$m	-26.1	-26.2	0%	-31.9	-33.3	-5%	-37.1	-39.6	-7%
EBITDA	A\$m	2.6	2.6	0%	4.8	5.1	5%	7.9	8.5	7%
OCF	A\$m	2.4	2.3	-2%	4.8	4.7	-1%	6.9	7.1	3%
FCF	A\$m	2.1	2.1	-2%	4.5	4.4	-1%	6.5	6.7	3%
Price Target	A\$/Sh	3.38	3.84	14%						

Source: Ord Minnett Limited estimates

Valuation remains undemanding

Price Target = A\$3.84/Share

We derive our 12-month forward A\$3.84/Share Price Target via a 10-year DCF, which implies a FTM EV/revenue multiple of 5.1x. We believe this is appropriate given the considerable revenue growth we expect DSE to deliver in the medium-term (3-year CAGR = 30%), its solid gross margins (~70%) and strong FCF profile (FY26F = \$6.7m).

Our Price Target implies a 13% TSR, which underpins our BUY recommendation.

Figure 10: DCF summary

DCF inputs		DCF outputs	
Beta	1.5	Enterprise Value (\$m)	207.9
Risk Free Rate	4.5%	Less: Net Debt / (Cash) (\$m)	(26.4)
Market Risk Premium	4.0%	Equity Value (\$m)	234.2
Cost of Equity	10.5%	Implied Equity Value (\$/sh)	3.35
Cost of Debt (After Tax)	7.5%	Rolled forward at WACC	9.8%
WACC	9.8%	Price Target (\$/sh)	3.84
Terminal Growth Rate	2.5%		

RFR %	Beta				
	2.00	1.75	1.50	1.25	1.00
6.5%	2.68	2.87	3.08	3.34	3.65
5.5%	2.92	3.15	3.42	3.74	4.15
4.5%	3.21	3.50	3.84	4.27	4.81
3.5%	3.58	3.94	4.40	4.98	5.74
2.5%	4.05	4.54	5.16	5.98	7.14
1.5%	4.68	5.35	6.25	7.52	9.46

Source: Ord Minnett Limited estimates

Investment Thesis, Valuation, and Risks

Dropsuite Limited (Buy; Price Target: \$3.84)

Company Overview

Founded in Singapore in 2011, Dropsuite is a cloud-based software platform offering backup, archiving, and recovery solutions for businesses. The company specialises in protecting critical data from Microsoft 365, Google Workspace, QuickBooks, and others. Its products are distributed via a network of ~4k IT reseller partners globally.

DSE has delivered rapid top-line growth since its founding, with ARR rising at a 7-year CAGR of >70%. The company now serves >1.13m users and we expect it will generate >\$41m in revenue for FY24F.

A profitable grower at the intersection of three mega-trends

As a leading provider of cloud-based backup and archiving for businesses, DSE operates at the intersection of three mega-trends, being (1) the rise of cybercrime, (2) the migration of on-premise hosting to the cloud, and (3) MSP industry growth. These themes have long runways and will continue to act as positive tailwinds for growth.

DSE has delivered extraordinary growth over the past 7-years (a CAGR of >70%) and has managed to do so profitably – delivering positive FCF in each of the past nine quarters, while cumulative cash flows are now positive back to 2Q19. Additionally, management are prudent capital allocators, having built a ~\$240m business on just ~\$42m of outside capital (of which only ~\$18m has been spent). We expect this performance to continue.

Microsoft concerns appear overblown

At its Inspire Conference 2023, Microsoft provided a first look at its 365 Backup and Archive solution (B&A) – with DSE's price falling 22% on the day. However, based on our work, and discussions with industry participants, we conclude that fears of existential risks to DSE's business are overblown. Accordingly, we believe the market's scepticism is providing an opportunity.

Valuation and Recommendation

We derive our 12-month forward A\$3.84/Share Price Target via a 10-year DCF, which implies a FTM EV/revenue multiple of 5.1x. We believe this is appropriate given the considerable revenue growth we expect DSE to deliver in the medium-term (3-year CAGR = 30%), its solid gross margin (~70%) and strong FCF profile (FY26F = \$6.7m).

Our Price Target implies a 13% TSR, which underpins our BUY recommendation.

Risks to Rating and Price Target

Key risks to our core thesis, include:

- Point solution: M365 backup presents a concentration risk. Additional product launches and/or growth in secondary products moderates this risk.
- Increased competition from others within the cloud backup industry.
- Technology risk: new technologies / competitors enter the market and usurp DSE's products.
- Key person risk: DSE is run by a long-time CEO, Charif Elansari. His departure is a risk.
- Security breaches: A malicious attack on DSE's systems could result in client data loss and reputational damage.

Dropsuite Limited

PROFIT & LOSS (A\$m)	2022A	2023A	2024E	2025E	2026E
Revenue	20.7	30.6	41.7	55.1	67.9
Operating costs	(12.4)	(19.8)	(26.2)	(33.3)	(39.6)
Operating EBITDA	1.3	1.1	2.6	5.1	8.5
D&A	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)
EBIT	1.2	0.9	2.4	4.8	8.1
Net interest	0.3	0.7	0.8	0.9	1.1
Pre-tax profit	1.5	1.6	3.2	5.7	9.2
Net tax (expense) / benefit	-	-	-	-	(1.1)
Significant items/Adj.	-	-	-	-	-
Associate NPAT	1.5	1.5	3.2	5.7	8.2
Normalised NPAT	1.5	1.5	3.2	5.7	8.2
Reported NPAT	1.5	1.5	3.2	5.7	8.2
Normalised dil. EPS (cps)	2.1	2.2	4.5	8.0	11.4
Reported EPS (cps)	2.1	2.2	4.5	8.0	11.4
Effective tax rate (%)	-	-	-	-	11.6
DPS (cps)	-	-	-	-	-
DPS (cps)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Payout ratio (%)	-	-	-	-	-
Diluted # of shares (m)	70.0	71.1	71.8	71.8	71.8

CASH FLOW (A\$m)	2022A	2023A	2024E	2025E	2026E
Net Interest (paid)/received	0.2	0.7	0.8	0.9	1.1
Income tax paid	-	-	-	-	(1.1)
Other operating items	-	-	-	-	-
Operating Cash Flow	0.9	2.3	2.3	4.7	7.1
Capex	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)
Other investing items	-	-	-	-	-
Investing Cash Flow	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)
Inc/(Dec) in borrowings	-	-	-	-	-
Financing Cash Flow	-	-	-	-	-
FX adjustment	(0.1)	(0.2)	-	-	-
Net Inc/(Dec) in Cash	0.9	2.1	2.1	4.4	6.7

BALANCE SHEET (A\$m)	2022A	2023A	2024E	2025E	2026E
Cash	22.3	24.3	26.4	30.8	37.5
Receivables	4.1	5.9	7.9	10.2	12.5
Inventory	-	-	-	-	-
Other current assets	0.4	0.7	0.7	0.7	0.7
PP & E	0.1	0.1	0.2	0.2	0.3
Investments	0.0	0.0	0.0	0.0	0.0
Intangibles	-	-	-	-	-
Other non-current assets	0.1	0.2	0.2	0.2	0.2
Total Assets	26.9	31.2	35.4	42.1	51.2
Short term debt	-	-	-	-	-
Payables	2.5	3.2	4.1	5.1	6.1
Other current liabilities	-	0.3	0.3	0.3	0.3
Other non-current liabilities	0.1	0.1	0.1	0.1	0.1
Total Liabilities	2.7	3.8	4.7	5.7	6.7
Total Equity	24.2	27.4	30.6	36.4	44.5
Net debt (cash)	(22.3)	(24.3)	(26.4)	(30.8)	(37.5)

Buy

DIVISIONS	2022A	2023A	2024E	2025E	2026E
KEY METRICS (%)	2022A	2023A	2024E	2025E	2026E
Revenue growth	77.0	48.1	36.1	32.1	23.3
EBITDA growth	49,740.6	(11.7)	134.5	95.6	66.7
EBIT growth	-	(26.2)	172.6	101.3	68.7
Normalised EPS growth	2,124.8	3.1	108.3	77.8	42.2
EBITDA margin	6.0	3.6	6.2	9.2	12.4
OCF /EBITDA	55.6	142.4	56.9	75.1	83.5
EBIT margin	5.8	2.9	5.7	8.8	12.0
Return on assets	4.7	3.0	7.2	12.5	15.4
Return on equity	6.4	6.0	11.1	17.2	20.2

VALUATION RATIOS (x)	2022A	2023A	2024E	2025E	2026E
Reported P/E	164.0	152.7	75.5	42.5	29.9
Normalised P/E	-	-	75.5	42.5	29.9
Price To Free Cash Flow	273.3	110.3	113.8	53.6	35.3
Price To NTA	8.6	7.6	6.7	5.6	4.6
EV / EBITDA	-	-	-	40.8	23.7
EV / EBIT	176.5	240.1	88.1	42.9	24.6

LEVERAGE	2022A	2023A	2024E	2025E	2026E
ND / (ND + Equity) (%)	(1,178.7)	(784.5)	(622.2)	(555.0)	(536.7)
Net Debt / EBITDA (%)	(1,785.5)	(2,198.1)	(1,017.9)	(607.8)	(444.2)
EBIT Interest Cover (x)	-	-	-	-	-
EBITDA Interest Cover (x)	-	-	-	-	-

SUBSTANTIAL HOLDERS	m	%
Topline Capital Management LLC	21.6	31.4%
John Fearon	3.5	5.0%
Charif El-Ansari	3.5	5.0%

VALUATION	
Cost of Equity (%)	10.5
Cost of debt (after tax) (%)	7.5
WACC (%)	9.8

Enterprise Value (\$m)	190.7
Equity NPV Per Share (\$)	3.21

Target Price Method	DCF
Target Price (\$)	3.84
Valuation disc. / (prem.) to share price (%)	13.0