Pointerra Limited

31 January 2020

December 2019 Quarter Activities and Cash Flow Report

Pointerra Limited (ASX:3DP) (Pointerra; the Company) is pleased to provide an overview of the December 2019 quarter activities and the associated cash flows and cash position in the Appendix 4C (attached).

Highlights:

- **Cash receipts from customers of $0.18 million compared to $0.31 million in Q1 FY20**

- **Restructure and recapitalisation of key US customer defers revenue and cashflow for the quarter**

- **Ongoing investment in Analytics as a Service (AaaS) and Data Processing as a Service (DPaaS) capability continues to attract new customers and prospects in Australia and the US**

- **US Patent Application formally allowed by US Patent Office**

- **$2.5 million placement (before costs) to fund further sales growth**

Operations

Cash Receipts
During the quarter ended 31 December 2019 the Company received $185K in customer receipts compared to the September 2019 quarter figure of $310K.

During the quarter PrecisionHawk, Pointerra's largest US customer, underwent a restructure and recapitalisation process, which delayed the commencement of the next pole inspection task order for our mutual end-customer Florida Power and Light, part of US$130 billion market capitalisation NextEra Energy, Inc.

Whilst this process deferred DaaS, AaaS and DPaaS revenue and cashflow for the quarter, PrecisionHawk's restructure and recapitalisation is now complete and it commenced FPL's next pole inspection task order in January 2020, which

has resulted in Pointerra's DaaS, AaaS and DPaaS services and revenue for PrecisionHawk recommencing.

As previously advised, the Company notes that quarter-on-quarter cash receipts will continue to be variable over coming quarters as new customers are on-boarded following contract award, with a variety of different payment cycles including monthly, quarterly and annually in advance.

This variability in quarterly cash receipts is expected to smooth out in time as ACV continues to grow and the size and diversity of Pointerra's portfolio of Data as a Service (DaaS), AaaS and DPaaS customers continues to mature.

Cash Outflows
Cash outflows for the quarter were in line with management expectations and were higher than the previous quarter due to new US personnel that commenced during the quarter. The cash balance at 31 December 2019 amounted to $2.506 million. Please refer to the attached Appendix 4C for further details on cash flows for the quarter.

AaaS and DPaaS Driving Customer Growth
During the quarter, and despite delays due to its restructure and recapitalisation, Pointerra continued collaborating with its largest US customer PrecisionHawk to solve ongoing 3D data management and data analytics problems that impact PrecisionHawk's ability to profitably service its order-book for utility asset inspection services across North America and the world.

During the quarter the Company demonstrated these advanced analytics to a number of US based 3D data capture companies and utilities, which resulted in new customer acquisition for Pointerra's DaaS and AaaS solutions.

During the quarter the Company's existing US and domestic customers also continued to grow their DaaS platform usage, which in turn has driven increases in monthly subscriptions. This theme reinforces both the stickiness of Pointerra's paying customer base as well as its propensity to grow over time as more data and users are added by each customer.

The adoption of Pointerra's cloud platform for 3D data by these domestic customers also included white-label integration into a diverse range of digital asset management platforms being used by Pointerra customers to deliver services and solutions to their end-user customers.

Pointerra Limited

Solution Development and R&D

Solution Development

During the quarter Pointerra's cloud platform continued to be enhanced in response to customer requests and in line with the product roadmap. Details of released changes and enhancements can be found in the regularly updated platform release notes on the Pointerra platform. A few of the more significant highlights for this quarter are detailed below.

Analytics as a Service (AaaS). Continued enhancement of the analytics functionality required for supporting our partnership with PrecisionHawk (for power distribution inspection applications) and has resulted in more accurate detection of guy wires and service wires, as well as general improvements in the accuracy of existing asset extraction. Work has also begun on a semi-automated tool to allow dynamic interactive QA and editing of the analytics results.

In parallel with this, several other customers (existing and new) have provided sample datasets to evaluate the current capabilities of the Pointerra AaaS platform on their own data. This has resulted in requests for a number of enhancements – particularly in the area of auto-classification of raw LiDAR data. We are working closely with a number of these customers and prospects to develop additional capabilities within the AaaS platform.

New streaming architecture begins rolling out. Results from R&D activities into new ways to store and stream data to end-users is now being deployed to the production platform. In particular; exporting, analytics, and map tile serving functionality. This new architecture eliminates the linear relationship between AWS compute costs and the amount of live data that is hosted on the platform, leading to significantly reduced AWS costs and will allow Pointerra to deploy very large and extreme scale DaaS at market competitive prices without impacting the Company's AWS margin targets.

3D tiling pipeline for large 3D models. Support for processing and streaming very large 3D CAD models has been added to the platform using a tiling service that translates CAD models into a format optimised for web streaming. This new capability has already been effective in attracting/converting several new prospects and customers that were contingent on this functionality being available.

Volume analytics tools. Work is almost complete on the development of new analytics tools that can calculate volumes (including cut and fill) and surface areas directly from the point cloud. These tools are currently in beta testing with a number of customers and are planned to be released in February 2020.

CAD/Annotation tool development. One of the primary uses of point cloud data is to construct as-built information in the form of 3D geometries including points, lines, and surfaces. This workflow is typically performed using desktop CAD tools, such as AutoCAD and MicroStation, or with other specialised desktop point cloud applications.

In many cases, only a small subset of the comprehensive toolsets that are available in these desktop applications is required to generate the desired outputs. In response to customer demand, Pointerra is now developing a new set of tools in the Pointerra 3D viewer that will allow users to digitise information directly from the point cloud in their browser, saving further workflow time and money.

Enhanced Photo management. Significant improvements have been made to the platform's ability to store and view 2D photo sets. This is in response to the number of customers that are now augmenting the captured point cloud data with photos taken from camera, phone, or drone-based methods, for inspection and asset management purposes.

Research and Development

R&D efforts continue to focus on the following strategic areas:

1. Development of a platform to underpin the delivery of point cloud analytics to Pointerra customers (DaaS);

2. Developing a catalogue of analytics algorithms (AaaS), in particular extraction of objects of interest from large scale datasets (e.g. poles, trees, signs);

3. Broadening the platform to support storage, visualisation and analysis of complementary 3D data types, including imagery, CAD and vector layers; and

4. Reducing the cost of providing the service through changing the way that Pointerra's processed data is stored and streamed to client browsers and applications using the Amazon Web Services (AWS) cloud platform.

5. Enhancing the core web platform to support the development of addition apps that utilise the core Pointerra API and available data.

Corporate

Placement. During the quarter the Company undertook placement of 50 million shares at a price of $0.05, to raise $2.5 million before costs. The shares were placed to institutional and sophisticated investors that qualify under Section 708 of the Corporations Act.

The capital raising, which was managed by Pointerra's corporate advisor (Canary Capital) attracted strong interest from both existing shareholders and new investors, with the 50 million share placement representing less than 9% of the Company's fully diluted capital structure.

The offer price of $0.05 represented a 10.7% discount to the 15 day VWAP of $0.056, a 12.3% discount to the last closing price of $0.057 and the offer comprised 40 million shares made under the Company's ASX Listing Rule 7.1A issue capacity and 10 million shares made under the Listing Rule 7.1 issue capacity.

Growth in Pointerra's customers (measured by annual contract value or ACV) during calendar 2019, coupled with the size of the underlying sales pipeline in Australia and the US has encouraged the Board to pursue an accelerated sales and product development execution strategy, which will require additional human resources.

The Company has identified and interviewed several candidates in Australia and the US to fill these positions and expects to make appointments during the March quarter.

US Patent. During the quarter, the Company was advised by its patent attorneys that Pointerra's patent application *"United States Patent Application No. 15/571,262 Method & System for Computer Graphics Rendering"* having been examined, had been formally allowed for issuance as a patent.

The Company will continue to secure its IP rights over both current patent applications in key markets and jurisdictions.

ENDS

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For more information, please contact:

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About Pointerra: Pointerra is an Australian company focussed on the global commercialisation of its unique 3D geospatial data technology. Pointerra's technology has solved an entrenched problem in the digital asset management sector and allows very large 3D datasets to be used without the need for high performance computing. 3D data is processed and stored in the cloud for instant, on demand user access: anytime, anywhere, on any device – providing actionable 3D information to power digital asset management solutions.

Common Q&A's about Pointerra:

1. ***What do we do?*** *We manage, analyze and monetize other people's 3D data for them.*

2. ***How do we make money?*** *People pay us to manage their data, to develop or source analytics to make sense of their data and they share revenue with us when we help them to monetize their data.*

3. ***Why do people need us?*** *3D data is hard to manage, use, analyze and share. We have proprietary (patent protected) IP that lets us do what we do better than anyone else.*

4. ***Do we have competitors?*** *There are lots of desktop solutions for 3D data and fewer cloud solutions. Most cloud solutions focus on visualization but aren't readily analyzed - either quickly and efficiently or at mass scale. Our IP allows us to do this better than anyone else.*

5. ***Who are our customers?*** *Anyone who is engaged in capturing (surveyors, drone operators, aerial and satellite mapping) or using (AEC sector, asset owners/operators/insurers/regulators) 3D data to plan, design, construct/build, operate, maintain, insure and govern/regulate a physical asset.*

6. ***What sectors do our customers operate in?*** *Linear infrastructure (road/rail/pipeline/transmission/distribution), non-process infrastructure (civil and built-form) and process infrastructure (mining/oil&gas plant).*

7. ***How do people pay us?*** *Our Data as a Service (DaaS) solution to manage 3D data using our digital asset management platform is priced based on the amount of data (in terabytes) we are hosting and the number of users each customer requires. We also charge customers to process their data (Data Processing as a Service or DPaaS), build/deploy analytics against (Analytics as a Service or AaaS) their data and where we connect buyers and sellers of 3D data, we typically agree a revenue share via our 3D data marketplace.*

Pointerra's vision is to create a global marketplace for 3D data, saving users time and money and creating a 3D data access revolution. Pointerra: 3D Data Solved http://www.pointerra.com

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Pointerra Limited

ABN	**Quarter ended ("current quarter")**
39 078 388 155	31 December 2019

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	185	491
1.2	Payments for		
	(a) research and development	(313)	(573)
	(b) product manufacturing and operating costs	(36)	(72)
	(c) advertising and marketing	(4)	(5)
	(d) leased assets	-	-
	(e) staff costs	(384)	(582)
	(f) administration and corporate costs	(235)	(475)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(1)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	473
1.8	Other (BAS)	1	1
1.9	**Net cash from / (used in) operating activities**	**(787)**	**(743)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(11)	(11)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(d) intellectual property	(13)	(13)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(24)**	**(24)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	2,501	2.501
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(160)	(160)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**2,341**	**2,341**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	986	947
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(787)	(743)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(24)	(24)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,341	2,341

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	(10)	(15)
4.6	**Cash and cash equivalents at end of quarter**	**2,506**	**2,506**

	Reconciliation of cash and cash equivalents	**Current quarter $A'000**	**Previous quarter $A'000**
5.	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	2,456	936
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,506**	**986**

	Payments to directors of the entity and their associates	**Current quarter $A'000**
6.		
6.1	Aggregate amount of payments to these parties included in item 1.2	(79)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

The transactions in item 6.1 include directors' fees and salaries paid during the quarter.

	Payments to related entities of the entity and their associates	**Current quarter $A'000**
7.		
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Research and development	230
9.2	Product manufacturing and operating costs	40
9.3	Advertising and marketing	10
9.4	Leased assets	
9.5	Staff costs	325
9.6	Administration and corporate costs	200
9.7	Other (provide details if material)	
9.8	**Total estimated cash outflows**	**805**

10.	**Acquisitions and disposals of business entities** **(items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

1   This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2   This statement gives a true and fair view of the matters disclosed.

Sign here: ....   Date: ....31 January 2020............
                  (Director/Company secretary)

Print name: ....Ian Olson...........................

Notes

1.   The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2.   If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3.   Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.