## Investor Update

8am

Paying for Coffee

September 2019





(ASX:8CO)

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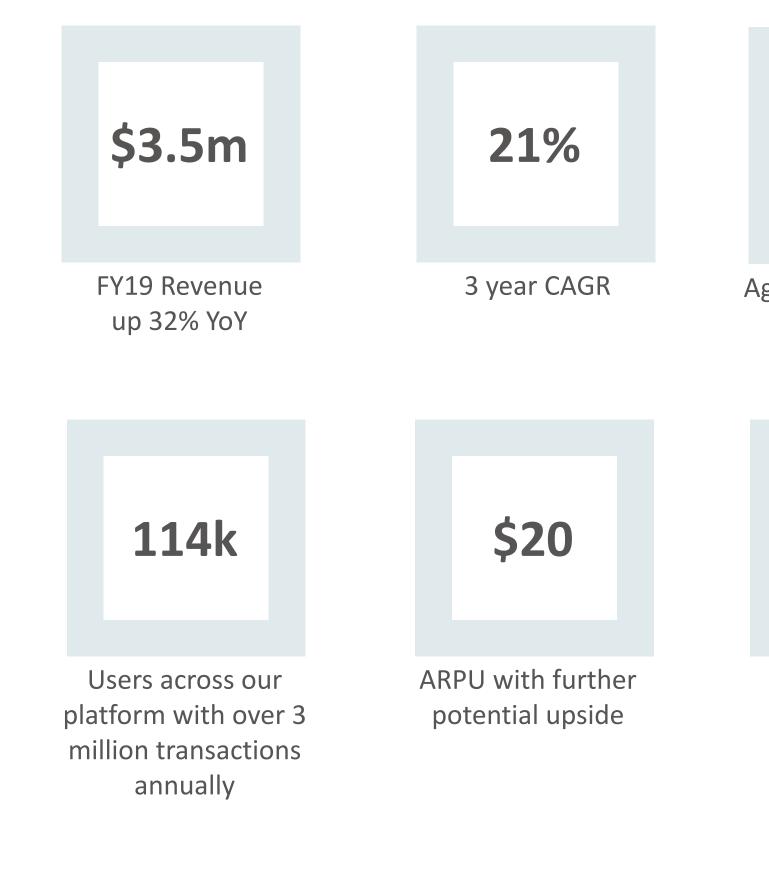
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### Highlights

- Leading position in Government with strong order book
- Compelling opportunities to leverage existing relationships to upsell products and lift ARPU
- Strong multi year revenue growth
- Revenue and cash receipt growth providing clear path towards
   EBITDA positive and profitability





In cash reserves

### Our platform

8Common is a leader in the development of Australian based financial technology solutions

Our technology facilitates the process of employee generated financial transactions

With increasing volume of transactions our fully automated technology solutions provide ease of expense reconciliation

We are a leader in the large enterprise and Government sectors



Leading cloud-based platform for employee expense management

114,000 Users





### Two complementary B2B software platforms



Payment gateway providing merchant account services

Over 3 million transactions processed by 8CO in FY19

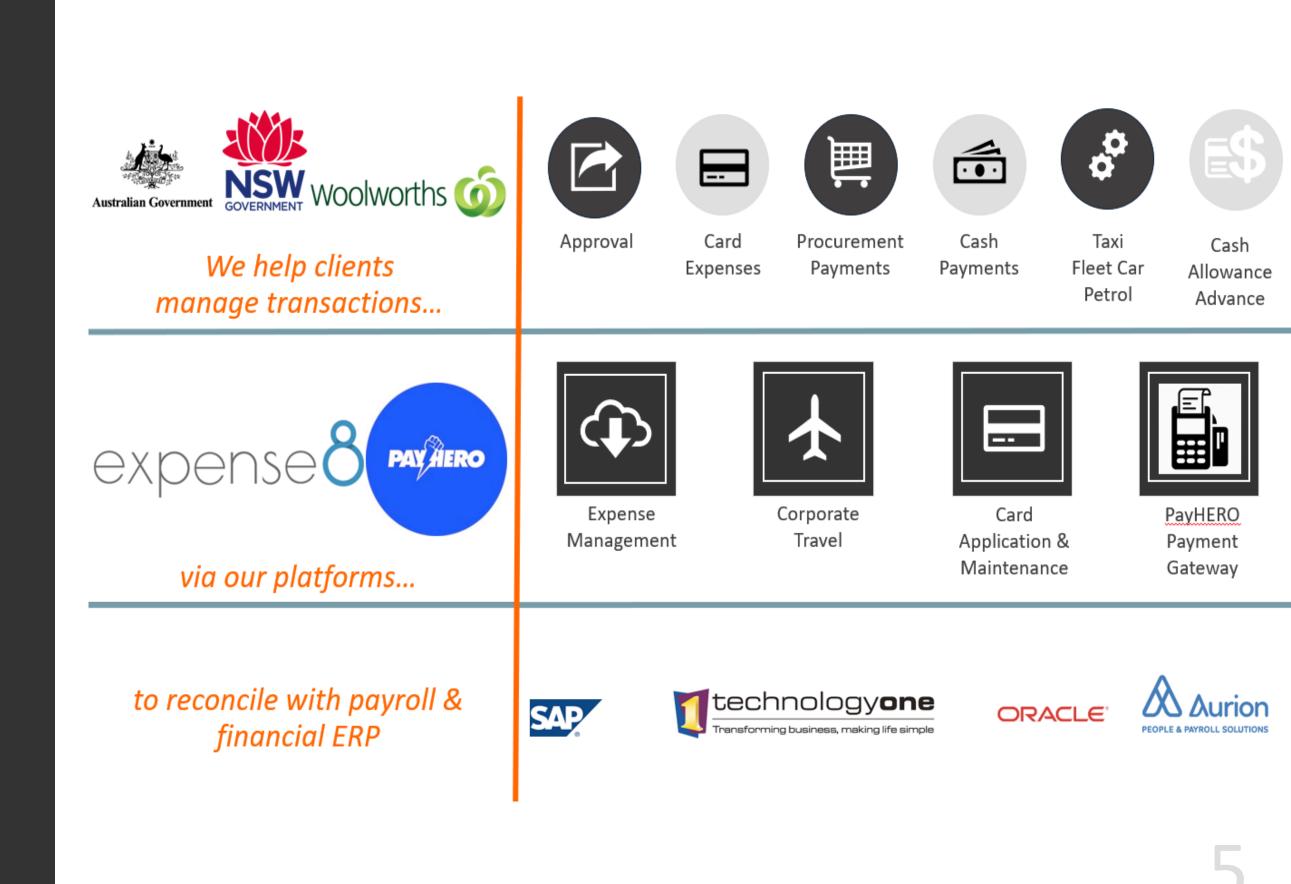
\$2.7bn transaction value processed since 2003

### Our business model

 Our software manages employee financial transactions for our customers

 8CO are exploring new solutions for our customers, Travel and Expense Management (TEM) is our core product offering

 Our software and technology integrates and reconciles to customers' payroll and ERP software







Paying for Coffee

am – Purchase Metro/Train Ticke

# Financial Update



### Revenue Model

8CO generate revenues through:

- 1. Implementation revenues
  - The initial implementation cost of adding our software
- 2. Monthly recurring revenue
  - Income generated through utilisation of our SaaS technology by our 114,000 customers
- 3. Ad hoc change requests
  - Charges for specific alterations, • additions, detail changes on transaction reports

# \$50k to \$500k

## **Monthly Recurring Revenue**

per transaction



Ad hoc change request revenue \*based on annual spend expected per agency

Strong orderbook build via the fed DoF (25 agencies) and DIIS (41 new agencies) shared service hub wins

**One-off implementation revenue** 



\$0.25 - \$12.00

\$500 - \$2,500 subscription

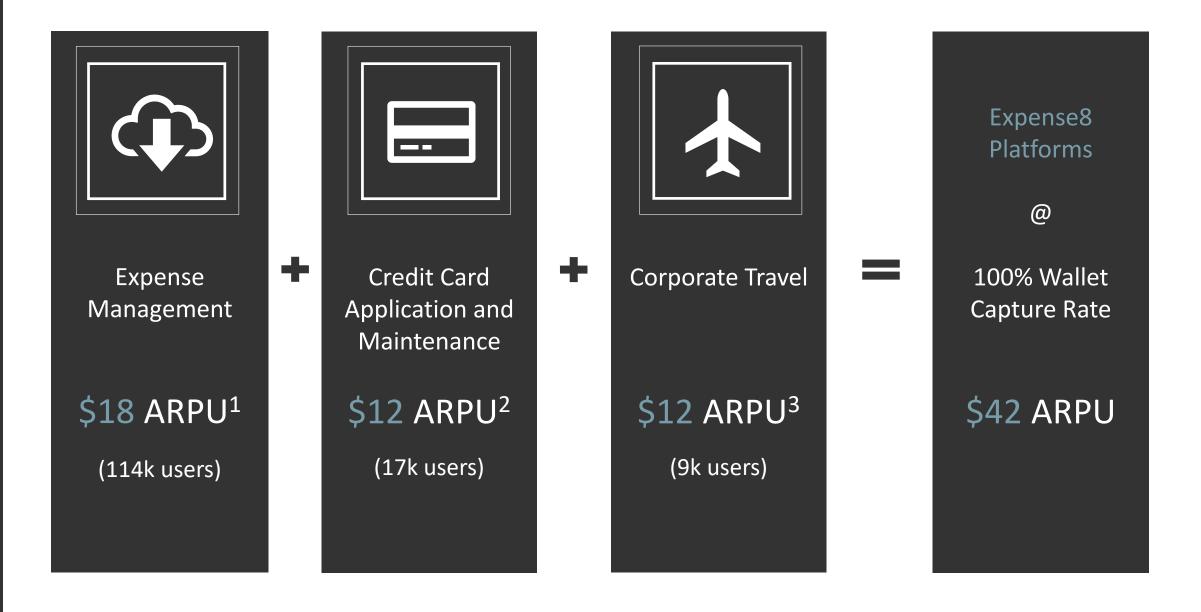


## \$5k to \$50k\*

### Growth in key verticals

- Increasing penetration amongst our ulletexisting customer base of 114k users could drive revenue to \$4.6 million
- Increasing number of users is a key focus • of the business
- Significant near term growth drivers with: •
  - New implementations from Federal Government shared services
  - Corporate travel implementation for  $\bullet$ NSW Gov will move their ARPU from \$14 to \$30-40 - in line with Federal Government ARPU level
- Longer term drivers include:  $\bullet$ 
  - New products in PayHero  $\bullet$
  - Pre-paid cards for travel allowances, per-diems and grants
  - Ability to leverage expense8 platform and client base for card applications and corporate travel

Upselling all users across platforms at ARPU of \$42 could deliver an



<sup>1</sup> Actual based on unaudited Q3 FY19 Expense8 June 2018 Recurring Revenue and Actual User Count

<sup>2</sup> Company estimates based on client transaction patters

<sup>3</sup> Actual based on FY18 Corporate Travel revenue from existing customer base

Current ARPU runrate of \$20 (up from \$18 in May 2019) with 114,000 users delivering

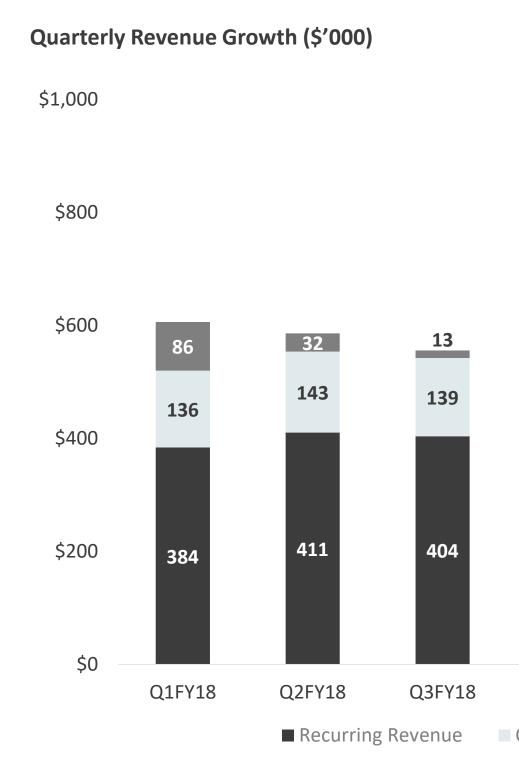
an ARR of \$2.3m

ARR of **\$4.8 m** 

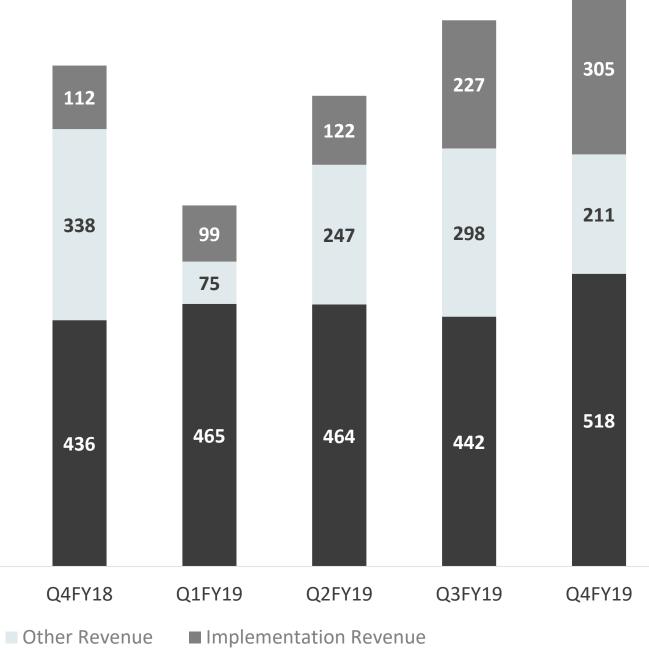


### Revenue growth

- Total revenue growth of 32% over the past year to \$3.5 million. Adopting the AASB 15 accounting standard resulted in \$371,097 in unearned revenue which will be recognised in FY2020.
- FY2019 Revenue growth was driven by:
  - Contract wins in Q4 from Service Delivery Office (SDO) of the Department of Finance (DoF) and the Department of Industry, Innovation and Science (DIIS) will deliver further recurring revenue and implementation revenue uplift in FY20
  - Implementation revenue lifted in FY19 and expected to move higher in FY20

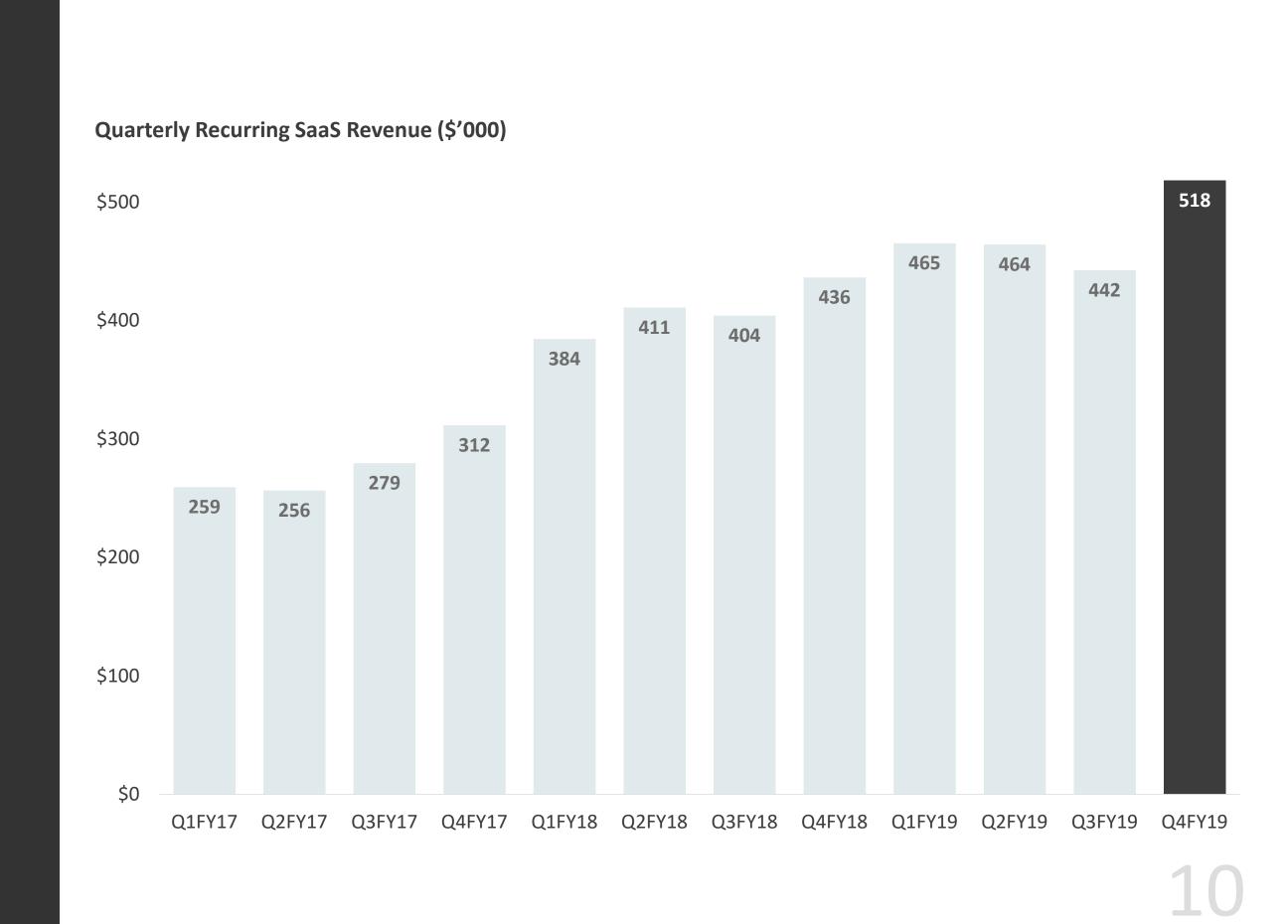


Other revenue includes change request revenue, consulting fees and annual license fees



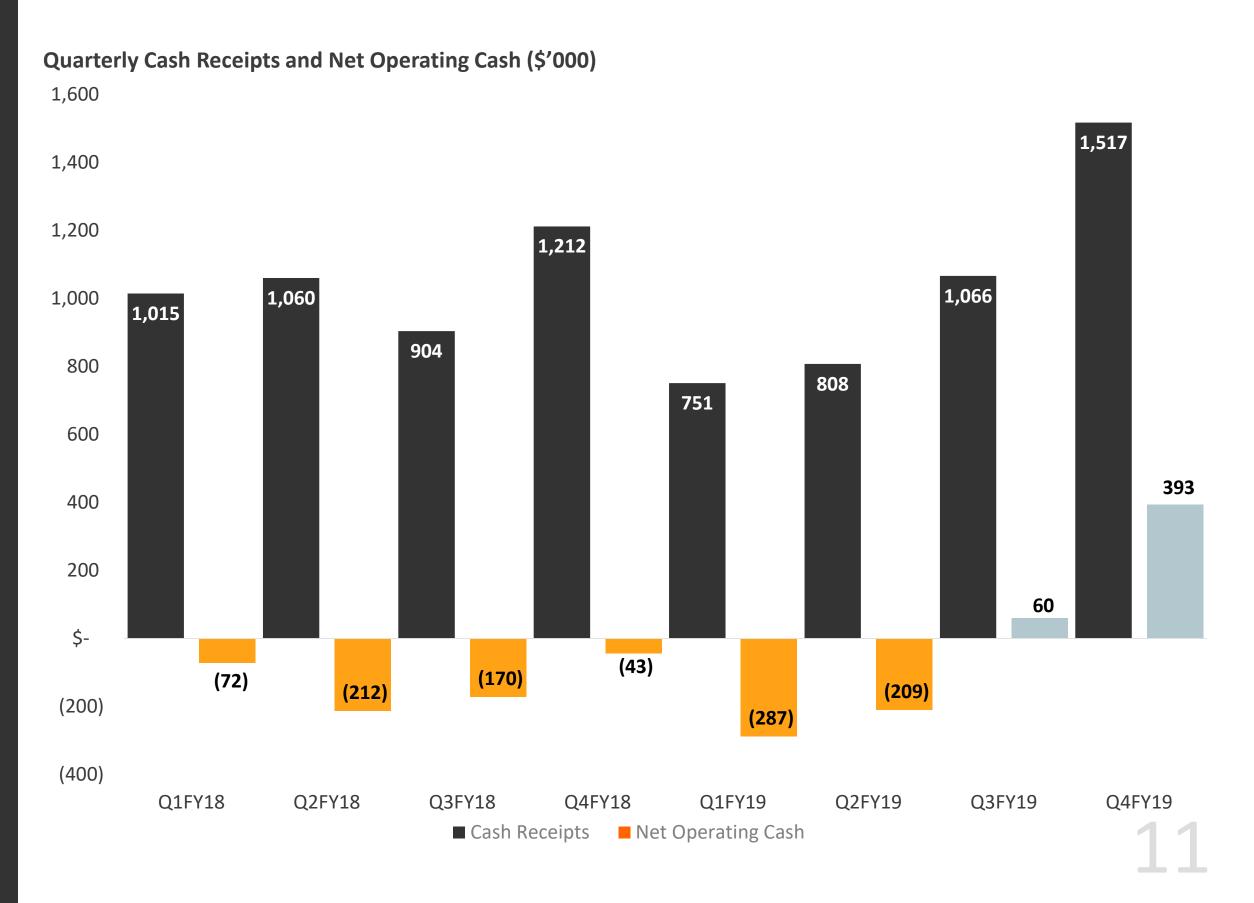
### Recurring revenue

- Recurring revenue generated from our SaaS technology has grown 16% over the financial year
  - Impact in Q3 due to lower level of travel and active business days over the December-January period
- Annualised 12-month recurring revenue equates to ~\$2 million



### Cash receipts

- Q4 is a seasonally high cash receipt quarter due to Annual Payments in advance by clients on the legacy on-premise solution
- Q4 increased cash receipts driven by an increase in recurring SaaS revenue and a lift in implementation revenue
- Cash at bank at end of FY19 of over \$1 million
- Cash receipts and expenses between Q1 FY18 and Q4 FY18 include Realtors8 which has been divested.



### Summary Financials

(\$'000)

Profit and Loss

Revenue

Normalised EBITDA\*

EBITDA

Profit Before Tax

Net Profit / (Loss) After Tax

#### **Cashflow**

Cash at end of year

Cash flow from operating activities

Cash flow from investing activities

Cash flow from financing activities

#### **Balance Sheet**

#### Cash

**Current Assets** 

**Current Liabilities** 

Shareholder Equity

\*Normalised EBITDA excludes impairment losses and non cash share based payments

FY19	FY18
3,474.2	2,638.4
(390.3)	(515.1)
(889.9)	(515.1)
(1,224.9)	(1,153.9)
(1,239.0)	(1,290.5)
1,033.4	533.6
(130.5)	(503.8)
30.4	200.8
599.9	469.6
1,033.4	533.6
1,384.9	4,106.8
1,522.8	1,343.3
6,161.1	6,040.3

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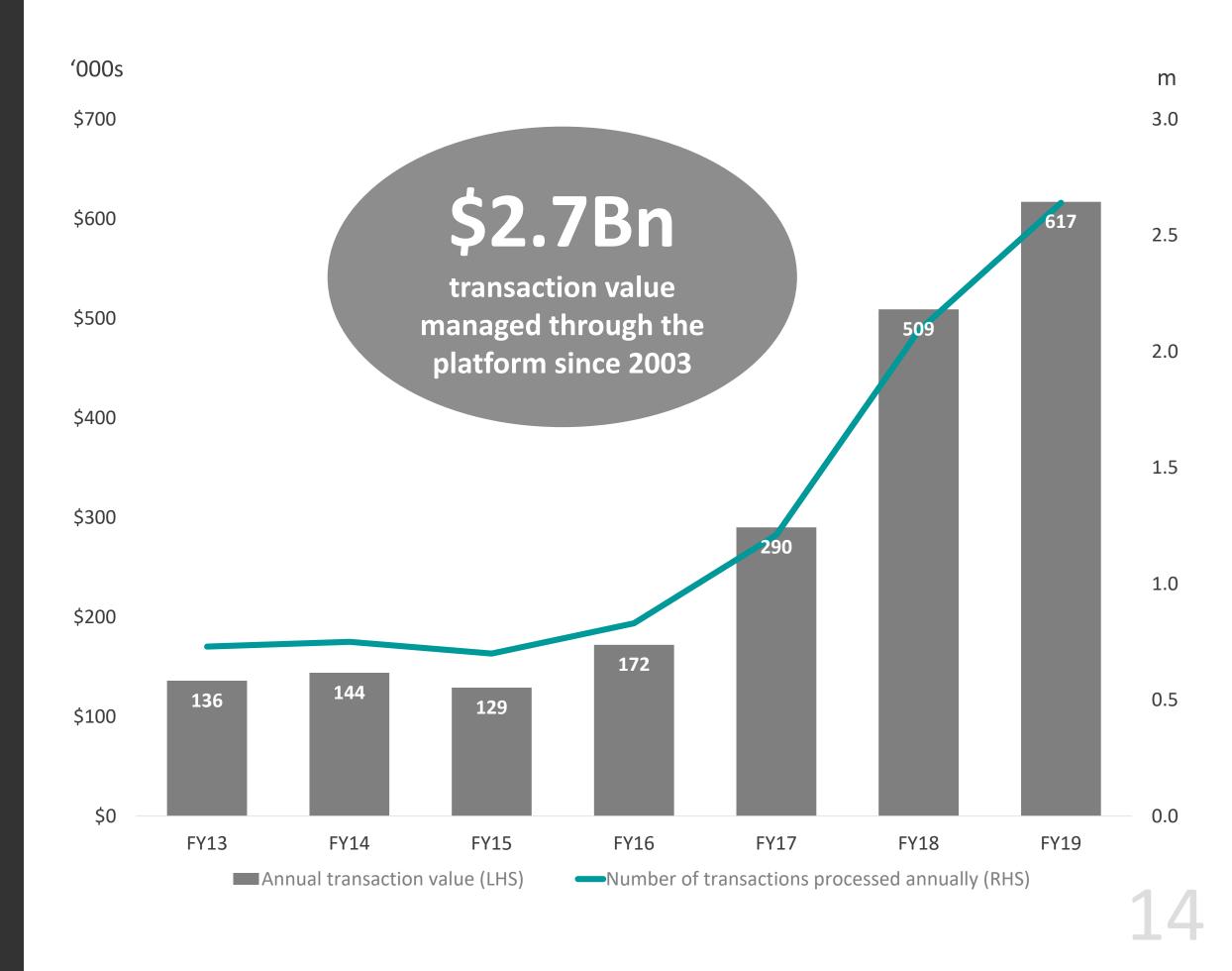
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# **Operational review**



### Growth in user base

- 4x growth between 2016 to 2019 in \$ value of expenses managed
- \$2.7bn in expenses managed since 2003, \$607m in the last 12 months



### Expense8 ready to scale

- 8CO are positioned as a proven industry leading platform with a solid client base
- We are now looking at growth focussed on:
  - Increasing users through new client wins
  - Driving higher ARPU
  - Leveraging existing platform to sell our PayHero capabilities
  - Scale distribution via partners

1. Develop Industry leading platform

2. Implement & operate to target market

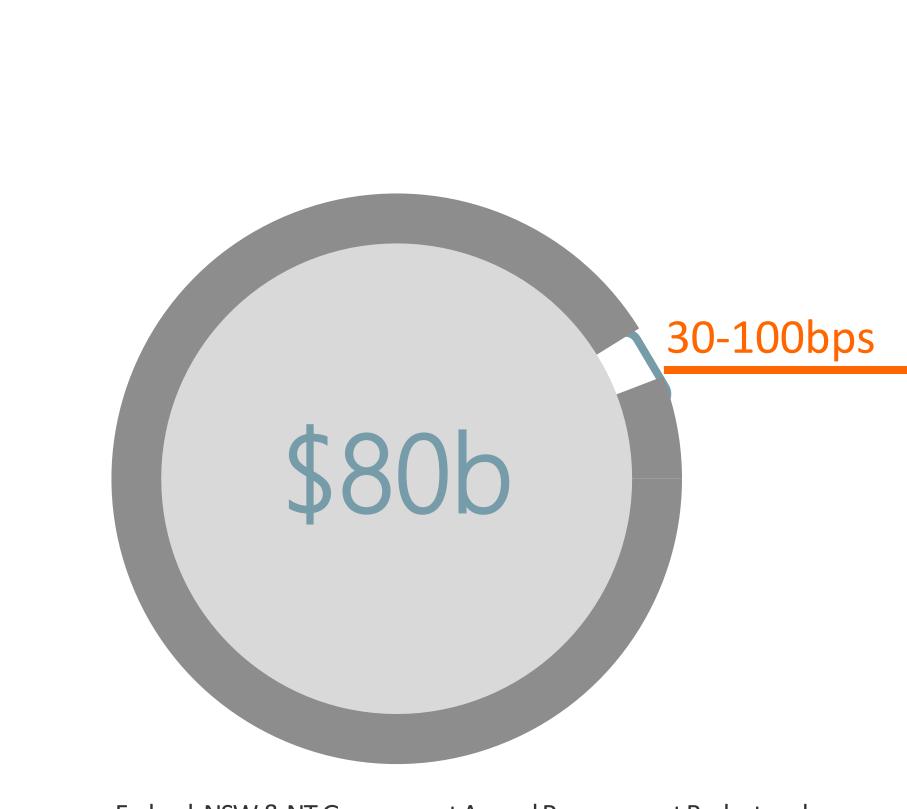
- 3. Scale distribution via partners and cross sell PayHero
  - Grow Expense8 government coverage
  - Increase ARPU, recurring and transaction fees
  - Leverage BlueChip Corporate Client Base of Expense8 to cross-sell PAYHERO payment gateway solution (% clip of transaction volume)





### PayHero market opportunity

- Pay Hero has a large addressable market
- Processing Federal, NSW and Northern Territory Government procurement payments were c.\$80b based on the FY2017 reported annual procurement spend.
- Industry GDV to revenue average of between 30-100bps.
- Annual Transaction Revenue opportunity of between \$24-80m.



Federal, NSW & NT Government Annual Procurement Budget and RBA Benchmark Transaction Fee

#### Source:

https://www.afr.com/technology/nsw-government-looks-to-microsoft-artificial-intelligence-to-cut-10m-costs-20180607-h112nu https://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/ https://nt.gov.au/industry/government/sell-my-goods-and-services-to-government/buy-local-plan

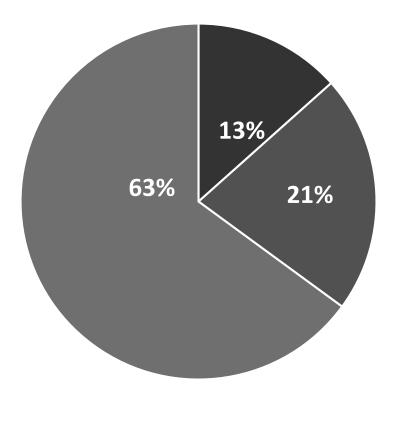


### Macro economic drivers of growth

- Usage of Credit cards (CC) going up (replacing the PO process)
- Cost of CC transactions

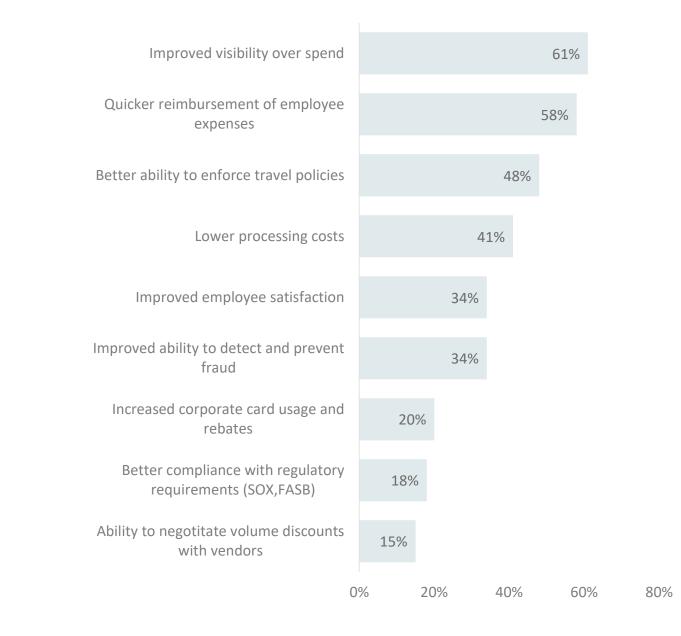
   (interchange) is going down
   making it more affordable to use
   CC
- Volume of transactions are going up so there is a clear need to automate
- Accountability and regulation tightening so organisations need systems in place to provide transparency and efficiency.

#### Existing Employee Expense Report Submission Method



- Paper receipts are mailed to the AP department
- Employees use a combination a combination of spreadsheets and scanned receipts
- Employees use a dedicated expense software tool

### Biggest benefits achieved through TEM automation



### The Outlook

8CO's industry leading position amongst our foundation partners provides a platform for growth

The focus of our business will be to

- increase of ARPU
- 2. Leverage existing relationships to cross sell products
- 4.

1. Grow organic revenue through new agency wins, uplift in users and

3. Expand PayHero to deliver in the fast growing expense card market

Develop partner ecosystem to scale distribution to new markets





## **Board & Management**



#### Nic Lim

#### Founder & Executive Chairman

Founder investor and Board member of various technology companies over the last 20 years. Founded 8common in 2013. Co-Founded Catcha in 1999, leaving an operational role in 2003 and remained a shareholder. Since 2007, Catcha has since spun out various Public Listed companies including iProperty (ASX:IPP), iCarAsia (ASX:ICQ), and Rev Asia (BURSA: REV);

Was in banking with Morgan Stanley, Credit Suisse and UBS until 2012.8 Common



#### John Du Bois

#### Independent, Non-Executive Director

Mr John Du Bois has had a very accomplished career. This includes 9 years at SAP culminating in the role of EVP and Managing Director South West Asia which was extended to Australia and New Tealand (Asia-Pacific and Japan) and more than 6 years at Senetas Limited (SEN:ASX) as Chairman and CEO, a leading Security Software company with a strong Federal Government client footprint



#### **Adrian Bunter**

Independent, Non-Executive Director

Adrian is an executive director of Venture Advisory, a specialist telecommunications. media and technology (TMT) financial advisory firm operating out of Australia and Asia. He has over 20 years' experience in accounting, audit, and finance, as well as a broad range of corporate advisory roles ranging from debt/equity raisings, mergers and acquisitions, divestments of business and strategy development and execution, including over 16 years with PricewaterhouseCoopers

Larry has built a reputation based on extraordinary work ethic, strategic thinking and visionary ability. During his 26 years with Accenture, he held many global leadership roles. Since 2013, Larry been the Group Chief Executive Officer and Managing Director of Formis Resources Berhad. He is a Fellow of Association of Certified Chartered Accountants and Certified Management Consultant.



Larry Gan Non-independent, Non-Executive Director



#### Andrew Bond Chief Executive Officer

Andrew joined 8common in August 2015 and is a highly regarded and well respected leader. Prior to 8common Andrew has held several roles in Woolworths Limited Satori Group and AMP Limited. Andrew brings over 10 years' experience in the technology sector leading sales and marketing and technology teams.

#### 8common Limited (ASX:8CO)

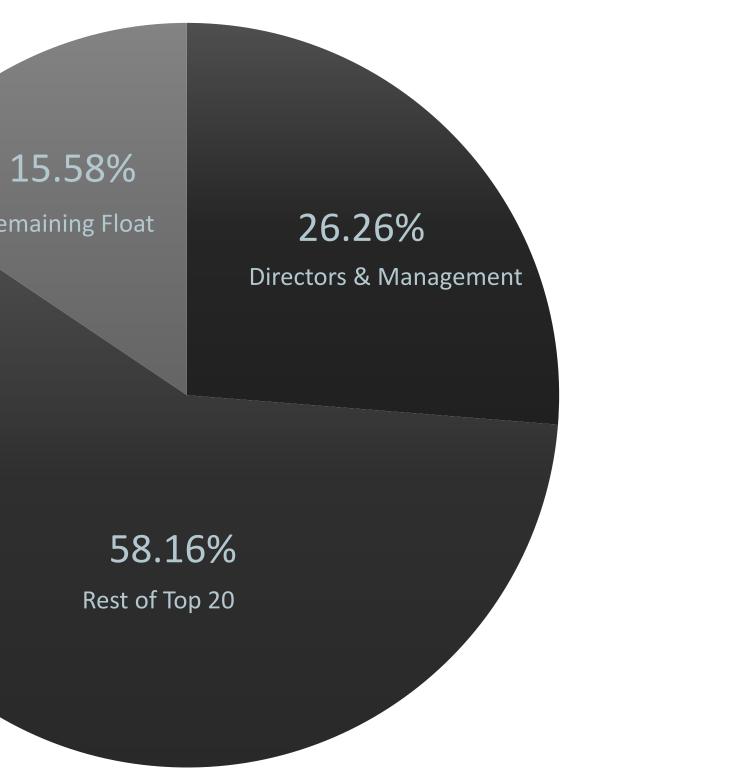
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### Corporate snapshot

### Capital Structure

Share price (5-Sep-19)	A\$0.095
Shares on issue	156,385,222
Undiluted Market Capitalisation	A\$14.8m
Cash (30-June-19)	A\$1.0m
Shares in Cloudaron Bhd Bloomberg (CLOUD:MK)	A\$3.5m
Listed Options at \$0.035 (expiry 20 Feb 2020)	27,627,177

Remaining Float



8common Limited (ASX:8CO)

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#### **Investor Relations**

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Nic Lim Executive Chairman e: nic@8common.com