



8am

Paying for Coffee



9am

Purchase Metro/Train Ticket



12pm

Paying for Lunch

# Investor Update May 2019



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- 2 complementary B2B software businesses:
  - ① **Expense8**: leading cloud-based platform for employee expense management
  - ② **PayHERO**: payment gateway providing merchant account services
- Leading position with 117 Government Agencies (Federal, NSW and NT) and large corporate clients including Woolworths, Mitre10, Amcor and Rabobank;
- Operating Cash flow positive in the March 2019 quarter (unaudited management accounts):
  - +87% YoY in cash receipts to \$1.066m;
  - +72% YoY in revenue to \$955K;
  - Profitable, EBITDA and Cash-flow Positive in March 2019
- Integrating PayHERO and Expense8 creates a procurement approval, payment gateway and expense reconciliation capability.
- Comparable companies have been acquired at revenue multiples of 6-15x.

Leadership in  
Government  
(117 Agencies)



69  
Agencies



**Australian Government**

13  
Agencies



35  
Agencies  
(Whole of Government)

*Target Client:  
Large and Sophisticated*

Blue-Chip corporate  
customer base





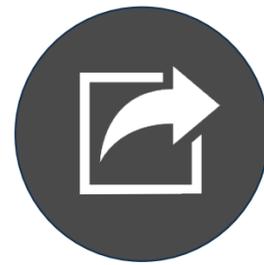
Australian Government



Woolworths



*We help clients manage transactions...*



Approval



Card Expenses



Procurement Payments



Cash Payments



Taxi Fleet Car Petrol



Cash Allowance Advance



*via our platforms...*



Expense Management



Corporate Travel



Card Application & Maintenance



PayHERO Payment Gateway

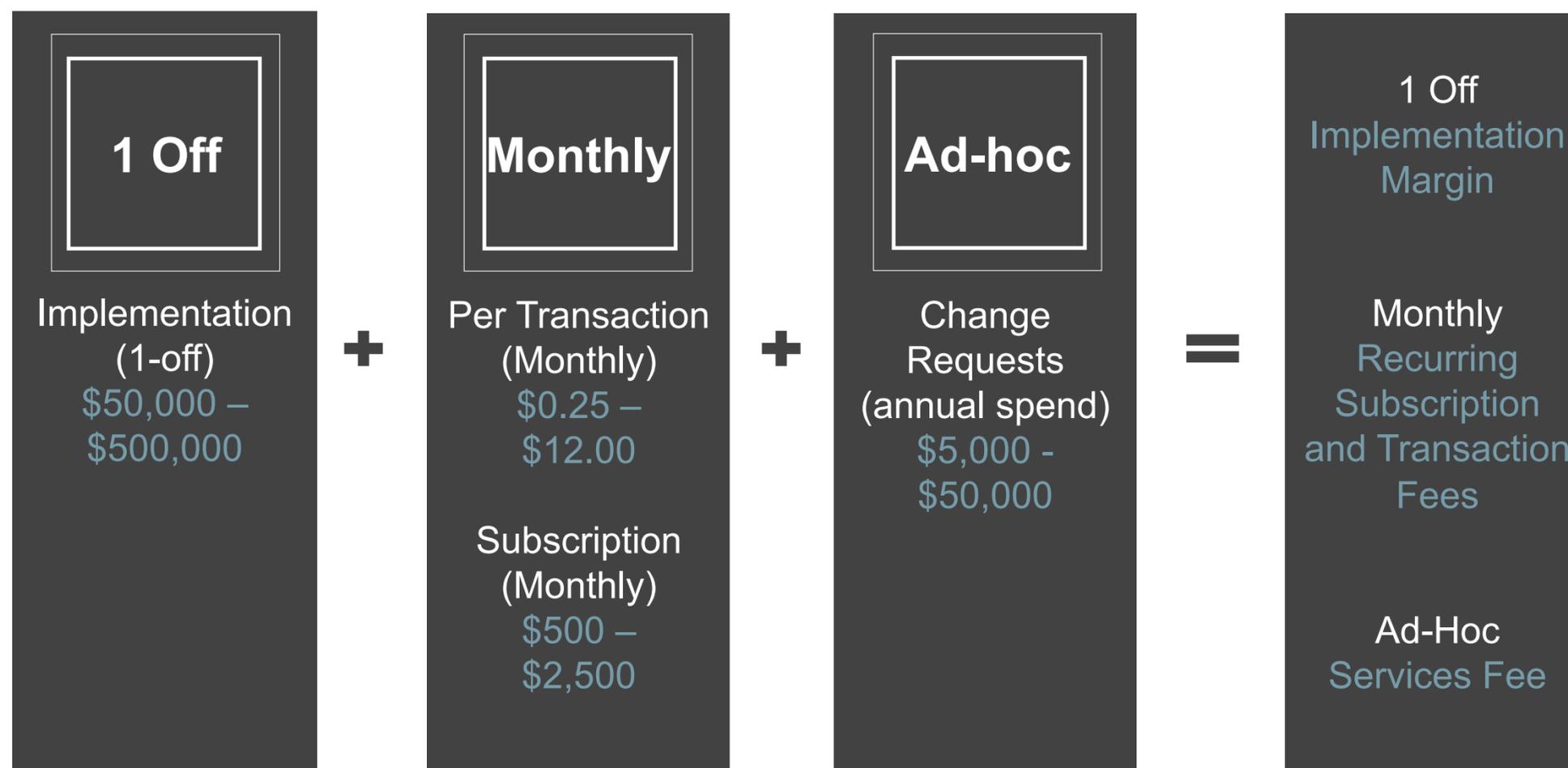
*to reconcile with payroll & financial ERP*



# expense8: revenue model

Recent contract wins – 2 Federal Gov contracts worth \$642K

Transaction volumes to increase as organisations moves away from Purchase Orders and increase Card issuance



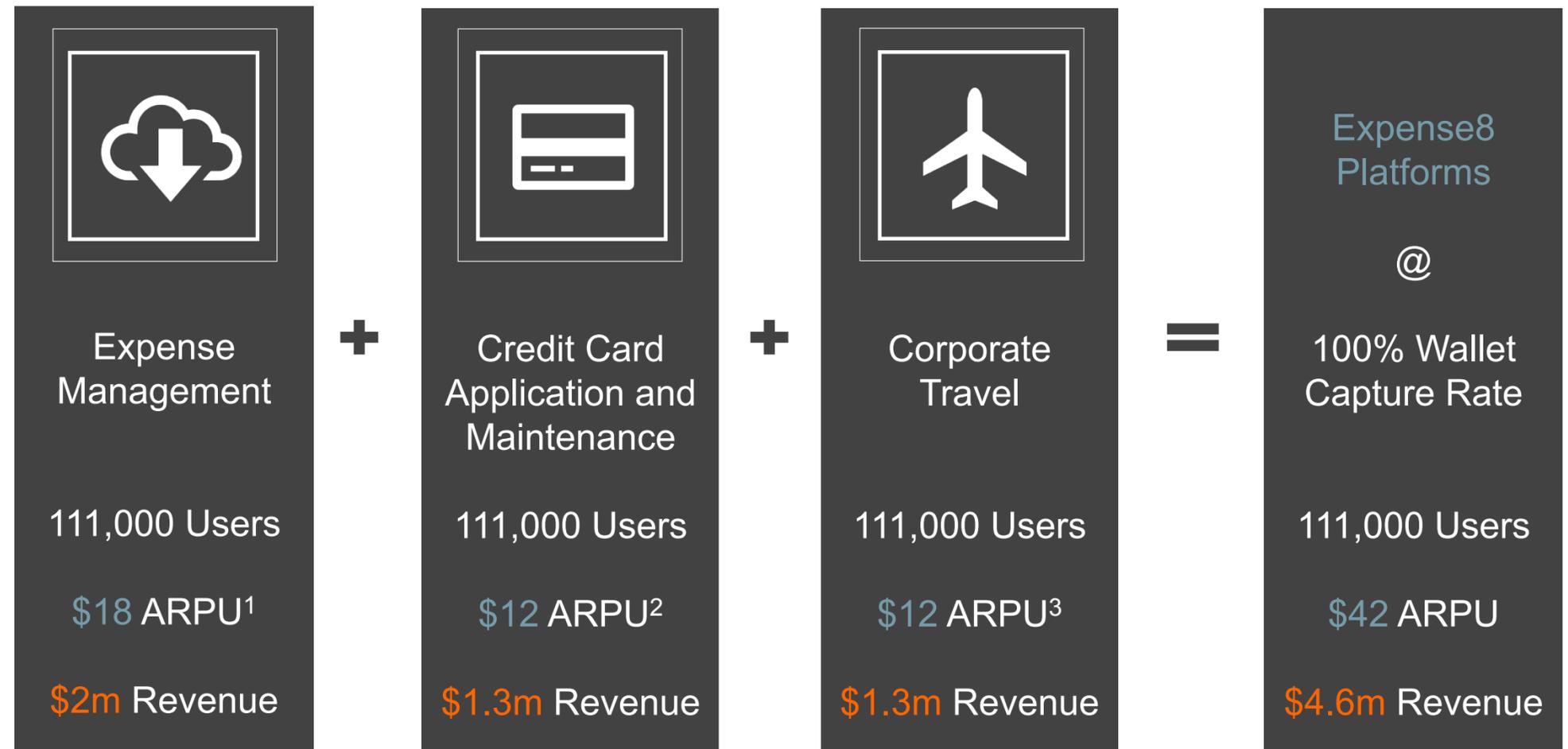
# expense8: ARPU has grown 35% YoY

FY2018 **\$1.6m** revenue from **120,000 users** in SaaS revenue. **ARPU of \$13.33**

FY2019 **ARPU runrate of \$18** with **111,000 users** (slight consolidation of cards with some clients)

Upselling **111,000 users** across all platforms at **ARPU of \$42** could deliver **\$4.6m**

Expense8,  
on track to  
**100-200%** uplift in  
Existing Customer  
ARPU



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

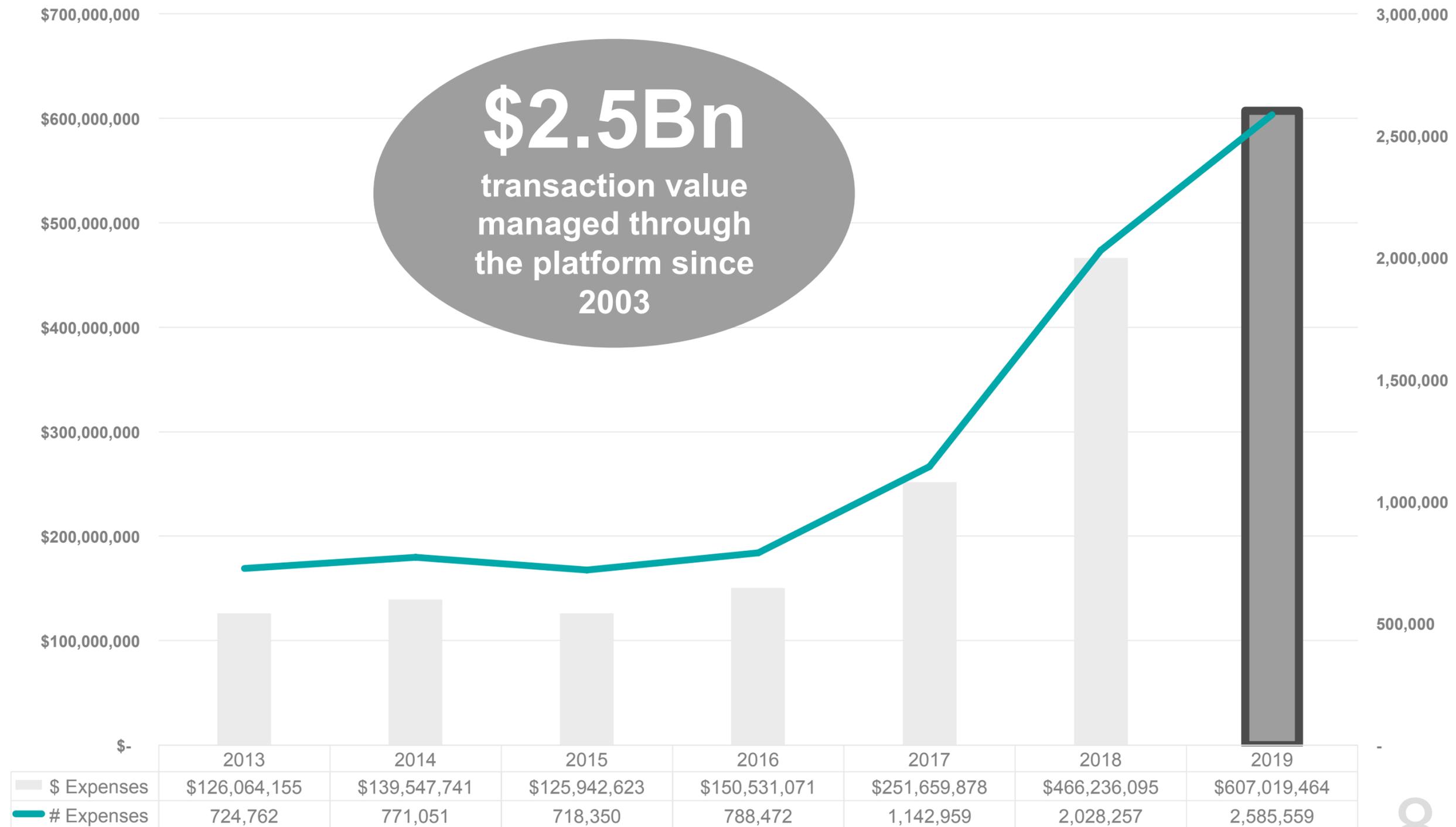
<sup>2</sup> Company estimates based on client transaction patterns

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

# expense8: usage growth

**4x** growth between 2016 to 2019 in \$ value of expenses managed

**\$2.5B** in expenses managed since 2003, **\$607m** in the last 12 months



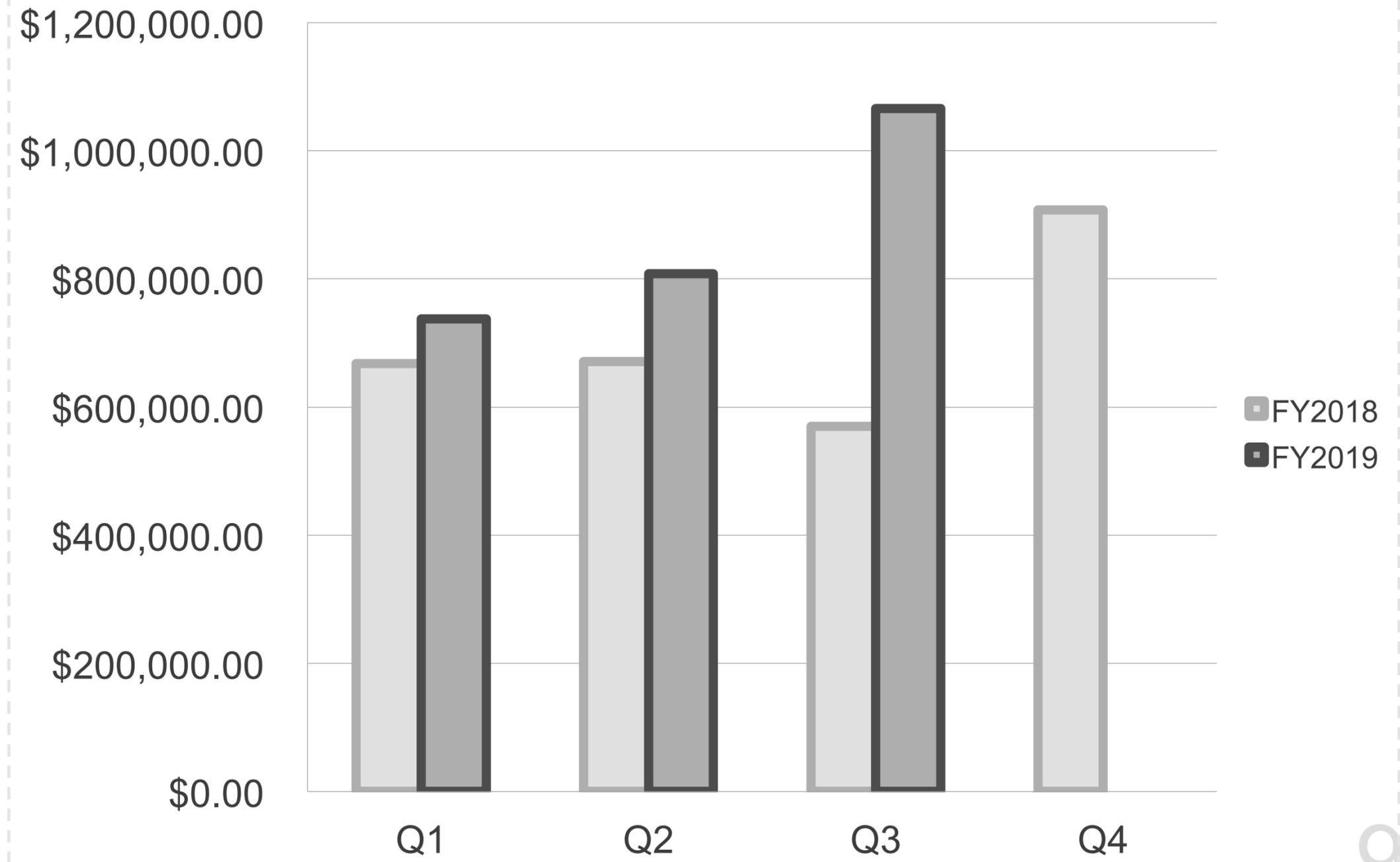
\*Numbers are based on on Trailing Twelve Months (i.e. 2019 numbers are from April 2018 to March 2019)

— \$ Expenses — # Expenses

# expense8: cash flow positive

Q3 FY2019 cash receipts **+87%** to \$1.066m YoY

### Quarterly Cash Receipts Q3 FY2019 vs. FY2018 +87%



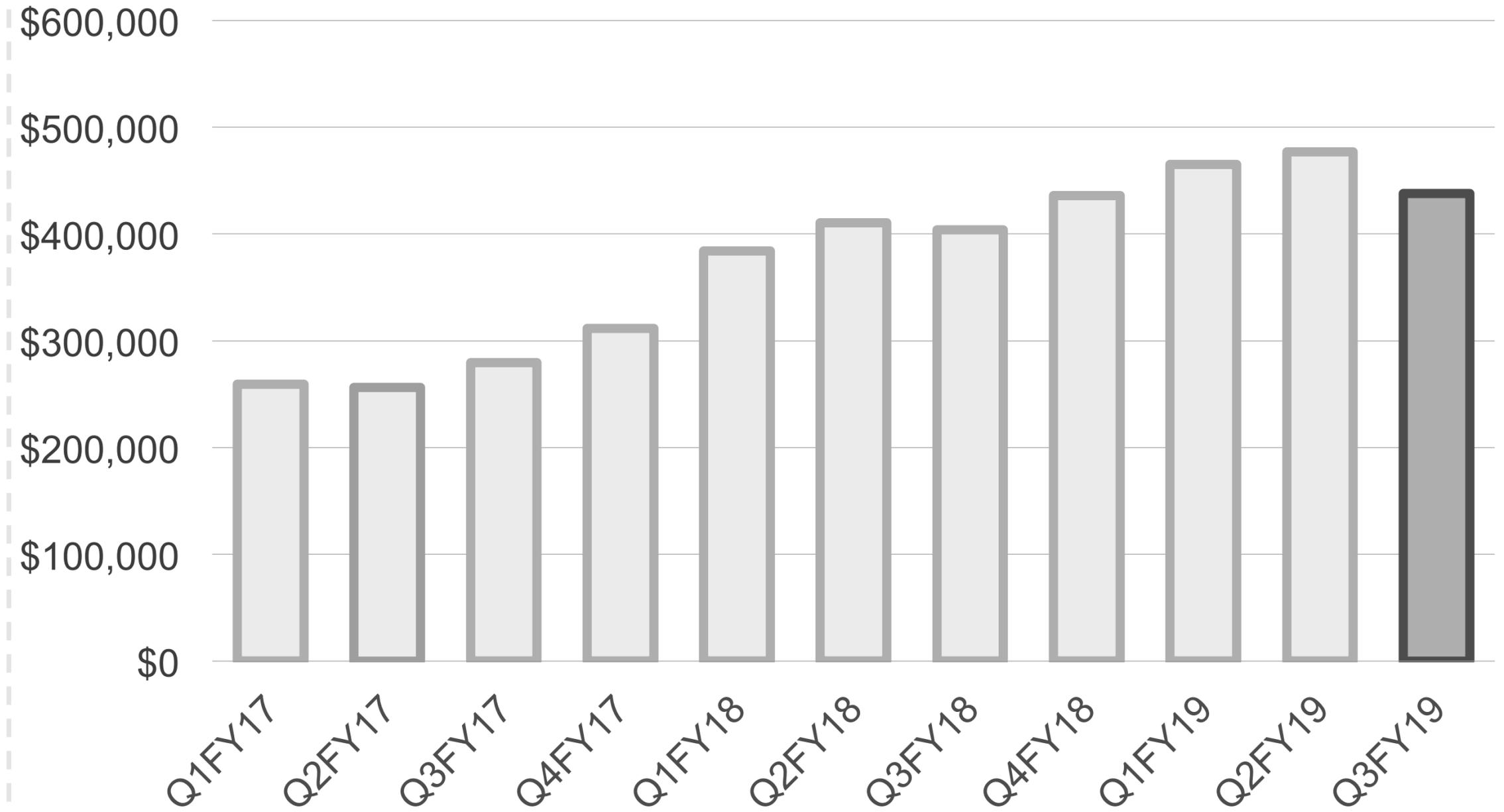
# expense8: strong recurring and transactional revenue

## Q3 SaaS Revenue

**+8.4% YoY**

- Seasonally lower quarter (billing for transactions from Dec – Feb)
- Q4 is expected to be stronger
- Growth fuelled by new client on-boarding

Quarterly SaaS Revenue  
Q3 FY2018 vs. Q3 FY2019 +8.4%

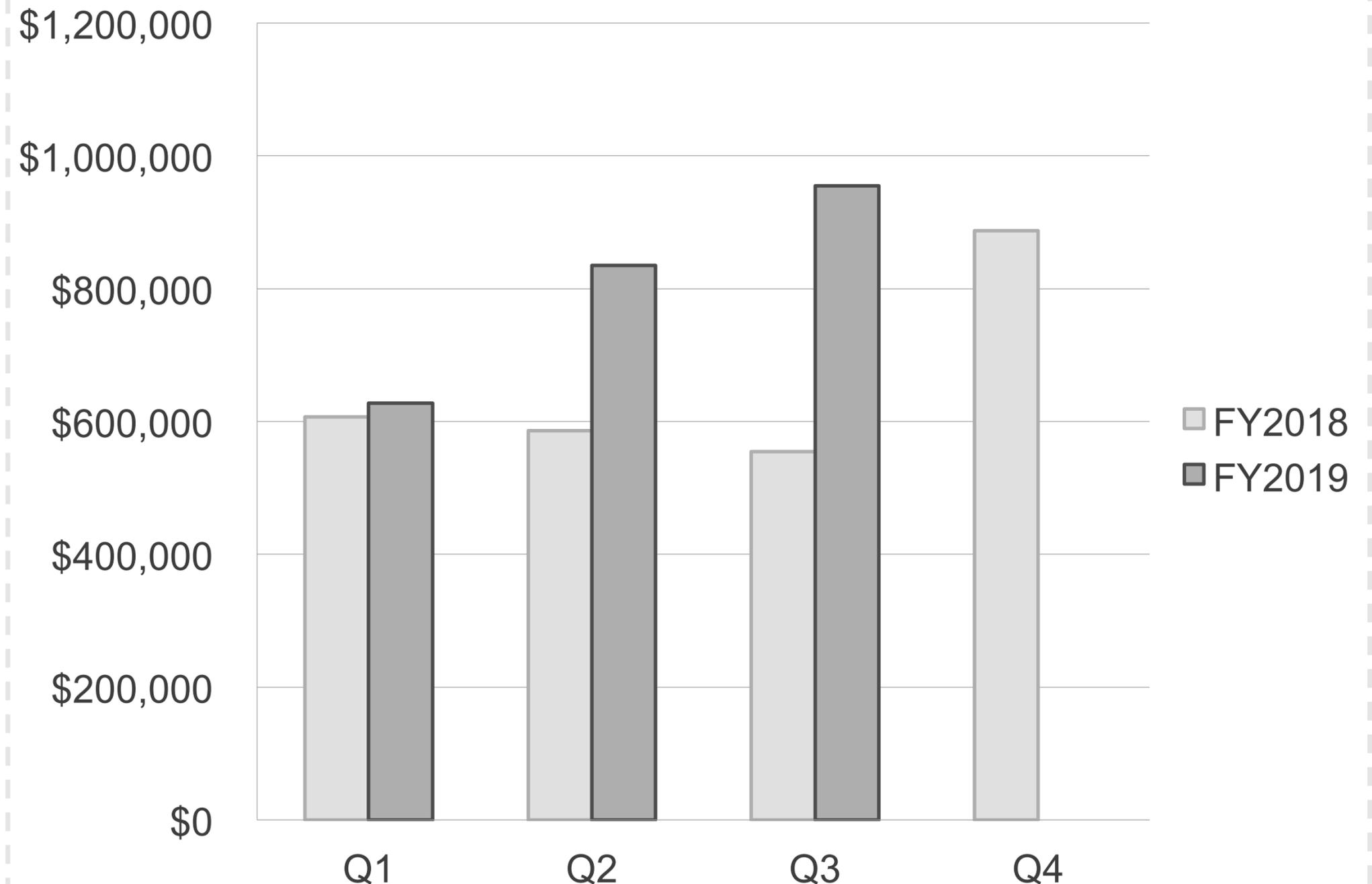


# expense8: in high growth mode

Q3 Revenue **+72%**

2 Federal Government agency contracts valued at **\$642K** expected to contribute to **Q4 FY2019** revenue

Quarterly Revenue  
Q3 FY2019 vs. Q3 FY2018 +72%

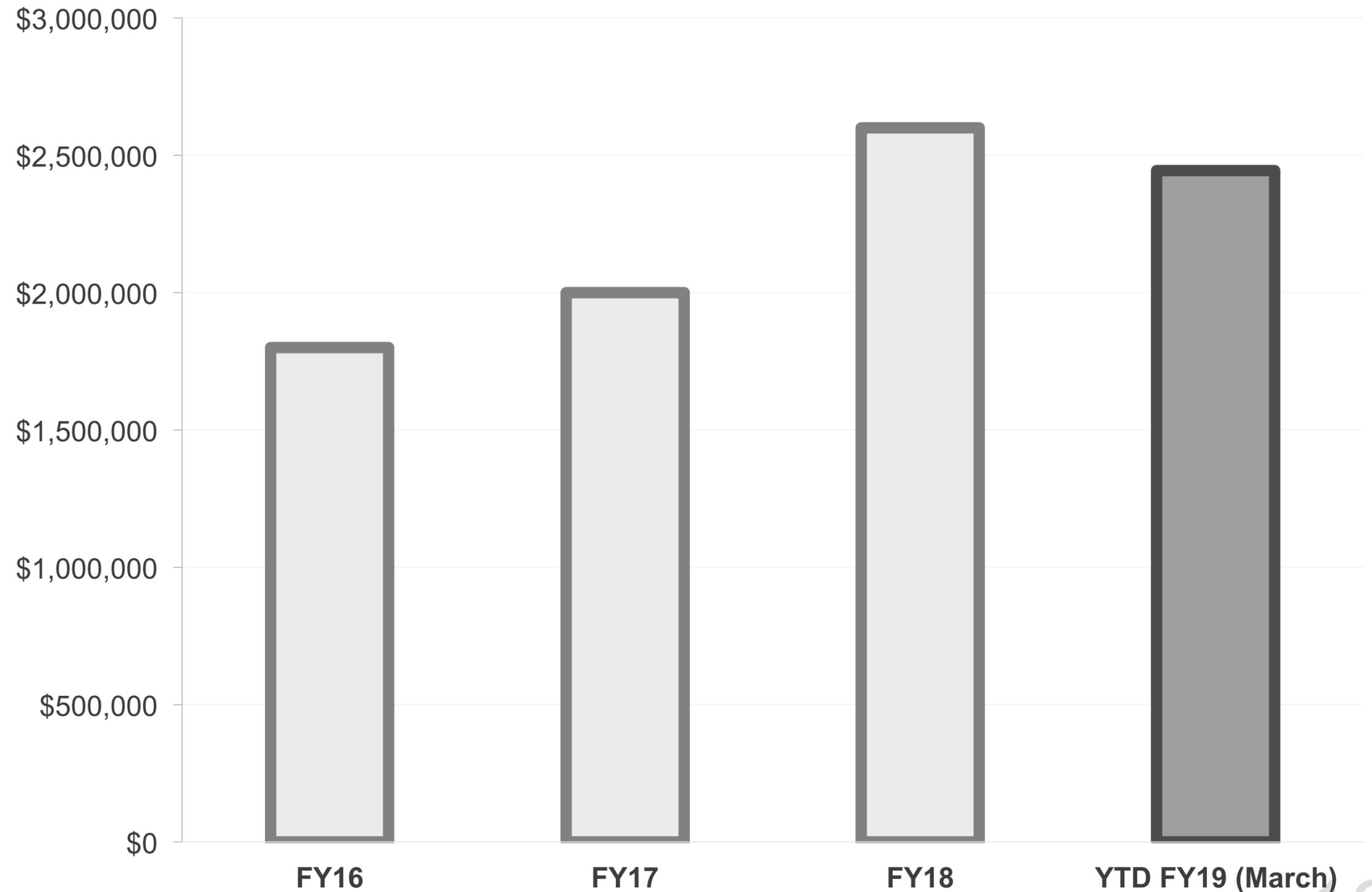


# expense8: scaling with revenue growth

H1 Revenue grew  
25% YoY to \$1.5m

FY2018 full year  
\$2.6m

FY2019 YTD till  
Mar 2019 was  
\$2.4m (unaudited)

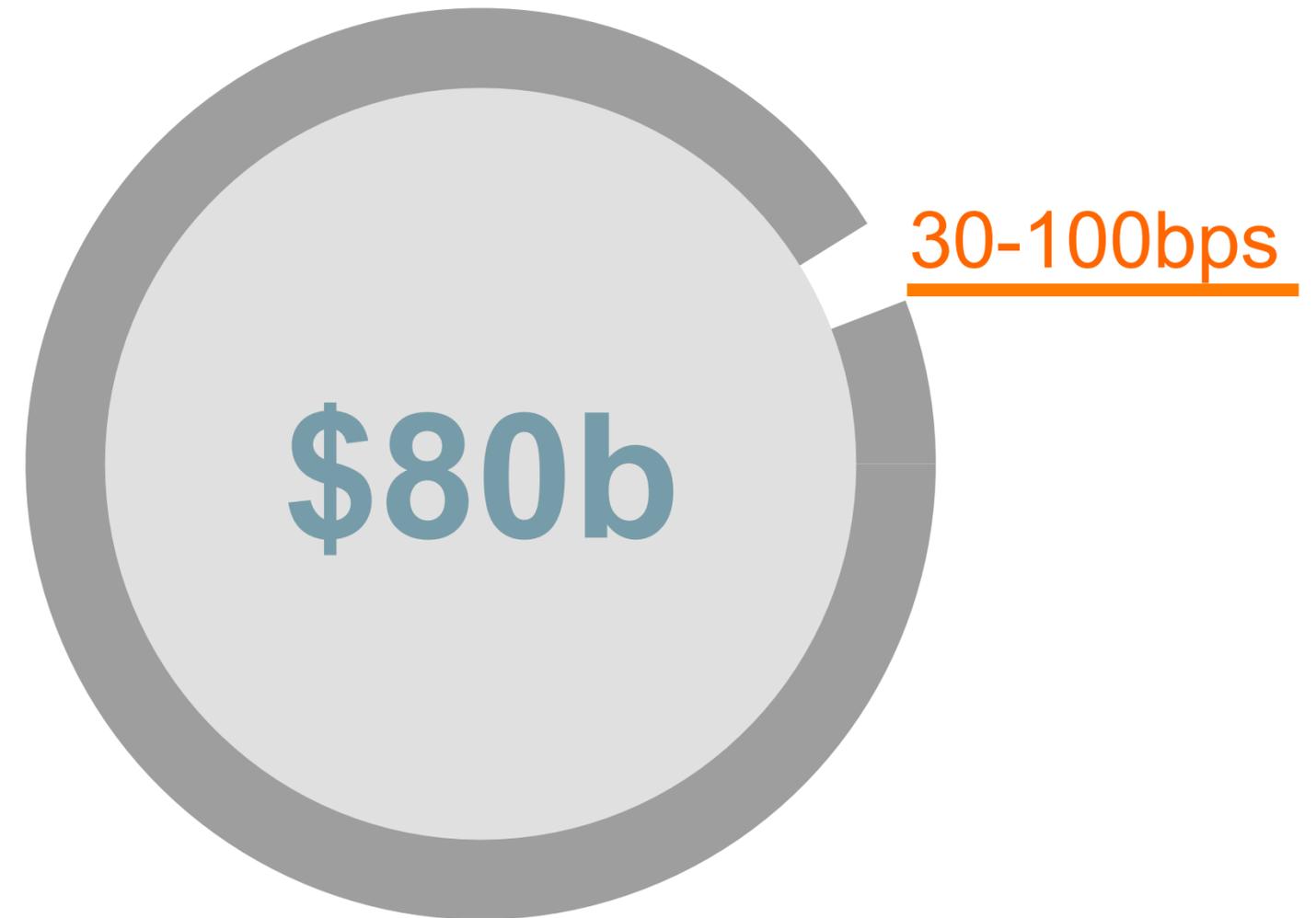


# expense8: ready to Scale

1. Develop industry leading platform 
2. Implement and 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 Payments Opportunity

- Processing Federal, NSW and Northern Territory Government procurement payments is a **\$80b total addressable market** 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>

# Precedent Competitor Transactions

Company	Revenue at Time of Acquisition (Estimated A\$m)	Reported Acquisition Amount (Reported A\$m)	Revenue multiple
SAP Concur 	700	8,300	11.9x
Frædom <sup>®</sup>	32	262	8.2x
certify 	7	100	14.8x
<b>8common</b>	<b>3.3*</b>	<b>13.6</b>	<b>4.1x</b>

\*Trailing Twelve Months revenue for 8CO

# Corporate Information

## Capital Structure

Share price (30-Apr-19)	A\$0.099
Shares on issue	136,130,136
<b>Undiluted Market Capitalisation</b>	<b>A\$13.5m</b>
Cash (31-Mar-19)	A\$0.4m
Shares in Clouaron Bhd Bloomberg (CLOUD:MK)	A\$3.1m
Listed Options at \$0.035 (expiry 20 Feb 2020)	38,262,763

## Shareholdings

Directors	26.9%
Top 20	77.2%

## Q3 FY2019 Highlights (4C)

Cash Receipts	\$1.1m
Net Operating Cash In-Flow	\$0.06m
Net Cash In-Flow	\$0.05m

## FY2019 4C performance

### FY2019 4C Performance

	Q1 FY2019 (\$)	Q2 FY2019 (\$)	Q3 FY2019 (\$)
Cash Receipts	751,000	808,000	1,066,000
Cash Expenses	1,263,000	1,016,000	1,006,000
Operating cash inflow (outflow)	(287,000)	(209,000)	60,000
Cash inflow (outflow) from investing activities	45,000	-	(15,000)
Cash inflow (outflow) from financing activities	(87,000)	333,000	-
Cash inflow (outflow)	(329,000)	124,000	45,000
Cash at end of period	205,000	329,000	374,000

# 1H FY19 Performance

	H1 FY 2019 (\$)	H1 FY 2018 (\$)*
Total Income	1,712,505	1,850,988
Continuing operating Income	1,487,505	1,194,036
EBITDA (excl significant items)	(212,901)	31,752
EBITDA (includes Realtors8)	(487,461)	154,269
Loss for the period	(798,045)	(234,367)
Operating cashflow	(583,390)	(290,186)
Cash and cash equivalents	329,032	255,639

\*FY 2018 Financials include Realtors8 which has since been fully divested

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