



ocommon  

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 (ASX:8CO)

# Annual General Meeting

22 November 2019

## Items of Business

1. Welcome
2. Chairman's Address
3. CEO Presentation
4. Formal Business
5. Questions and Answers
6. Conclusion and closing remarks

# Welcome and Chairman's Address

Executive Chairman – Nic Lim

# CEO Presentation

CEO – Andrew Bond

# Our platform

8common solutions deliver enterprise grade closed loop financial transaction processing

## 3 complementary fintech platforms

Its flagship Expense8 platform is a leading provider of end to end travel expense management software, card application and management.

**expense8** Leading end to end travel expense management software, card application and management.

**PAY HERO** Closed loop procurement payment platform

**CARDHERO** Closed loop pre-paid card platform

Scalable, government grade platforms improve organisation, productivity and compliance.

119,000 users

Over three million transactions processed by 8CO in FY19

\$2.9b transaction value processed since 2003, \$600m+ in FY19

119,000 platform users within large enterprise customers and over 120 state and federal government entities.



# Our business model

Our platforms manage closed loop financial transactions for our customers

Travel and Expense Management (TEM) is our core product offering

8CO is delivering new solutions for our customers

Our platforms integrate and reconcile with customers' payroll and ERP software



*We help clients manage transactions...*



Approval



Card Expenses



Procurement Payments



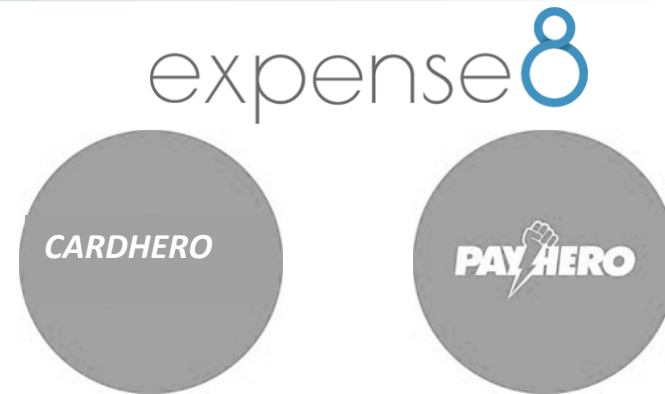
Cash Payments



Taxi Fleet Car Petrol



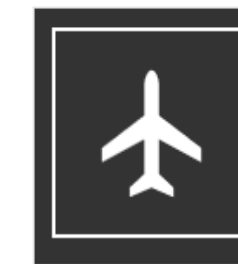
Cash Allowance Advance



*via our platforms...*



Expense Management



Corporate Travel



Card Application & Maintenance



PayHERO Payment Gateway

*to reconcile with payroll & financial ERP*



# Revenue model

8CO generate revenues through:

## 1. Implementation revenues

- Initial implementation cost of adding our software

## 2. Monthly recurring revenue

- Income generated through utilisation of our SaaS technology by our 119,000 users

## 3. Ad hoc change requests

- Charges for specific alterations, additions, detail changes on transaction reports

**\$50k to \$500k**

One-off implementation revenue

+

**Monthly Recurring Revenue**

\$0.25 – \$12.00  
per transaction

\$500 – \$2,500  
subscription

+

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

Ad hoc change request revenue

\*based on annual spend expected per agency

# Summary Financials

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(\$'000)	FY19	FY18	Change
<b><u>Profit and Loss</u></b>			
Revenue	3,474.2	2,638.4	<b>31.7%</b>
Normalised EBITDA*	(390.3)	(515.1)	<b>(24.2%)</b>
EBITDA	(889.9)	(515.1)	<b>72.8%</b>
Profit Before Tax	(1,224.9)	(1,153.9)	<b>6.2%</b>
Net Profit / (Loss) After Tax	(1,239.0)	(1,290.5)	<b>(4.0%)</b>
<b><u>Cashflow</u></b>			
Cash at end of year	1,033.4	533.6	<b>93.7%</b>
Cash receipts (includes Realtors <sup>8</sup> )	4,142.1	4,190.9	<b>(1.2%)</b>
Cash receipts (from continuing operations)	4,142.1	2,864.2	<b>44.6%</b>
Cash flow from operating activities	(130.5)	(503.8)	<b>(74.1%)</b>
Cash flow from investing activities	30.4	200.8	<b>(84.9%)</b>
Cash flow from financing activities	599.9	469.6	<b>27.7%</b>
<b><u>Balance Sheet</u></b>			
Cash	1,033.4	533.6	<b>93.7%</b>
Current Assets	1,384.9	4,106.8	<b>(66.3%)</b>
Current Liabilities	1,522.8	1,343.3	<b>13.4%</b>
Shareholder Equity	6,161.1	6,040.3	<b>2.0%</b>

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



# Highlights

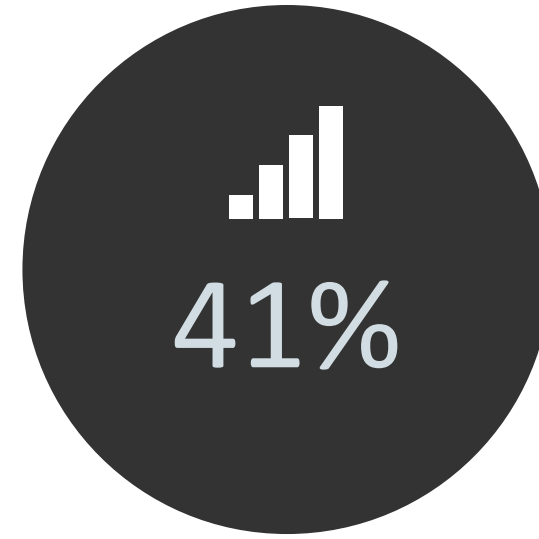
Strong corporate footprint and leading position in Government with strong order book

Compelling opportunities to leverage existing relationship to upsell products and lift ARPU

Strong multi-year revenue growth

Three consecutive quarters of positive cashflow

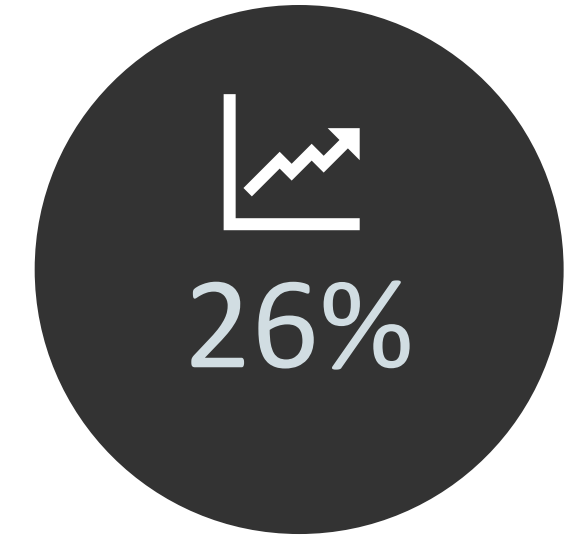
Revenue and cash receipt growth providing clear path towards positive EBITDA and profitability



PCP revenue lift



Increase in cash receipts



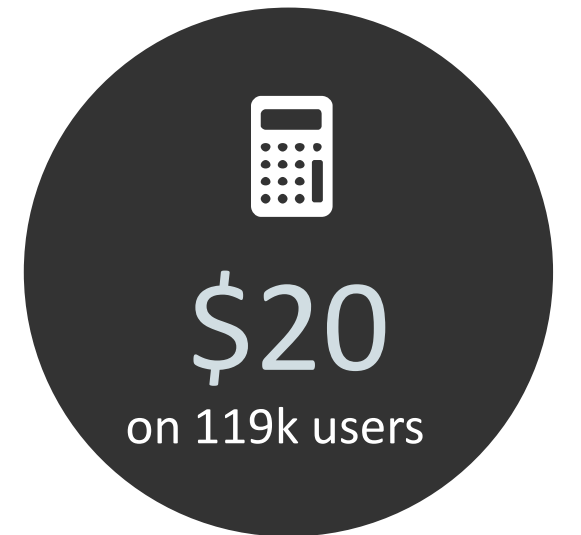
PCP SaaS revenue increase



Continuous quarters of positive cash flow



Q1 FY20 unaudited EBITDA\*



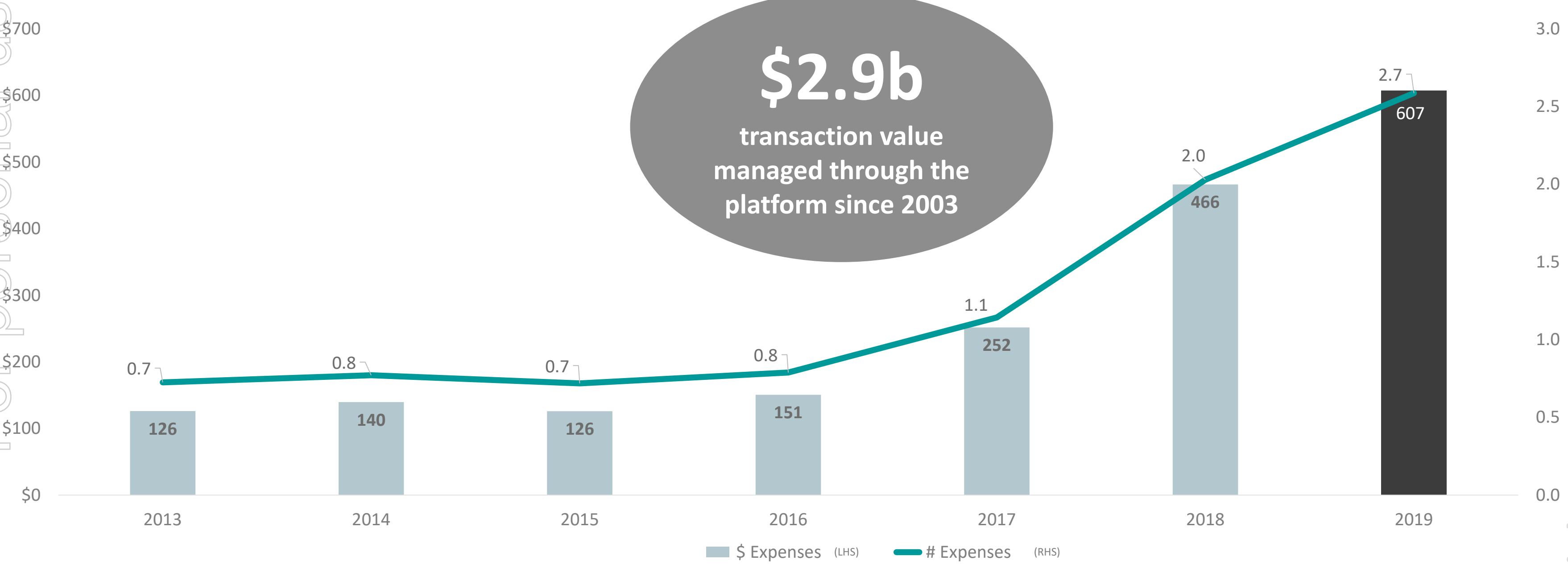
ARPU with further potential upside

\* Includes R+D tax refund of \$280k

# Growth in user base

- 4x growth between 2016 to 2019 in value of expenses managed
- \$2.9 billion in expenses managed since 2003, \$607 million in the last 12 months

Platform transactions (m)

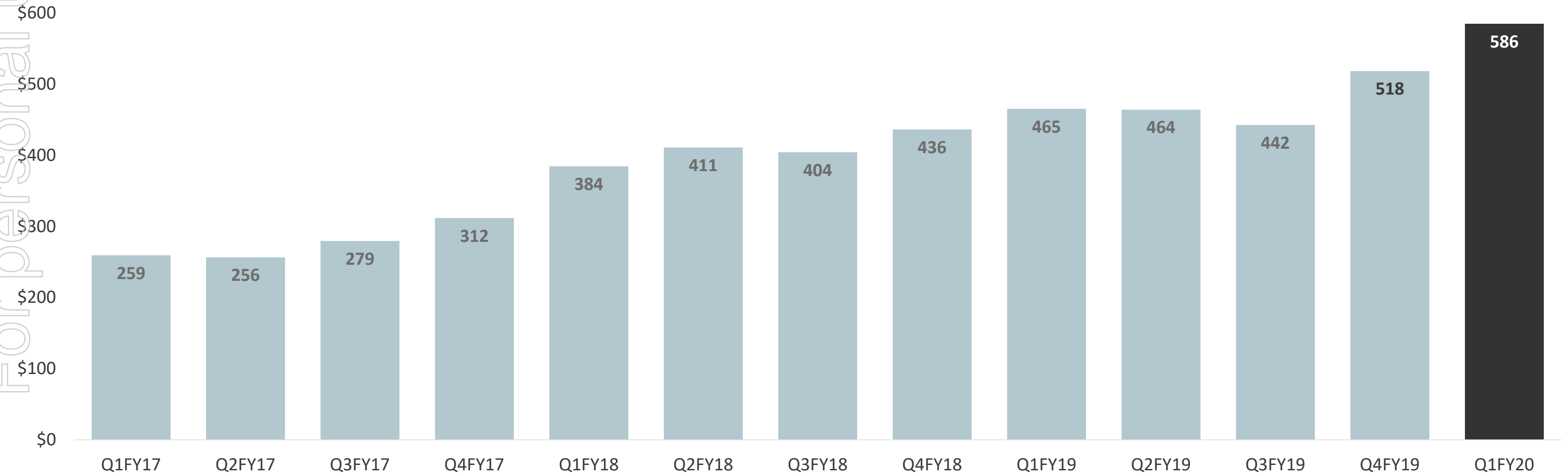


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# Recurring revenue

- Q1 FY20 (unaudited) recurring revenue generated from our SaaS technology has grown 26% versus Q1 FY19
- October 2019 (unaudited) recurring revenue was \$216K
- Annualised 12-month recurring revenue equates to ~\$2.5 million

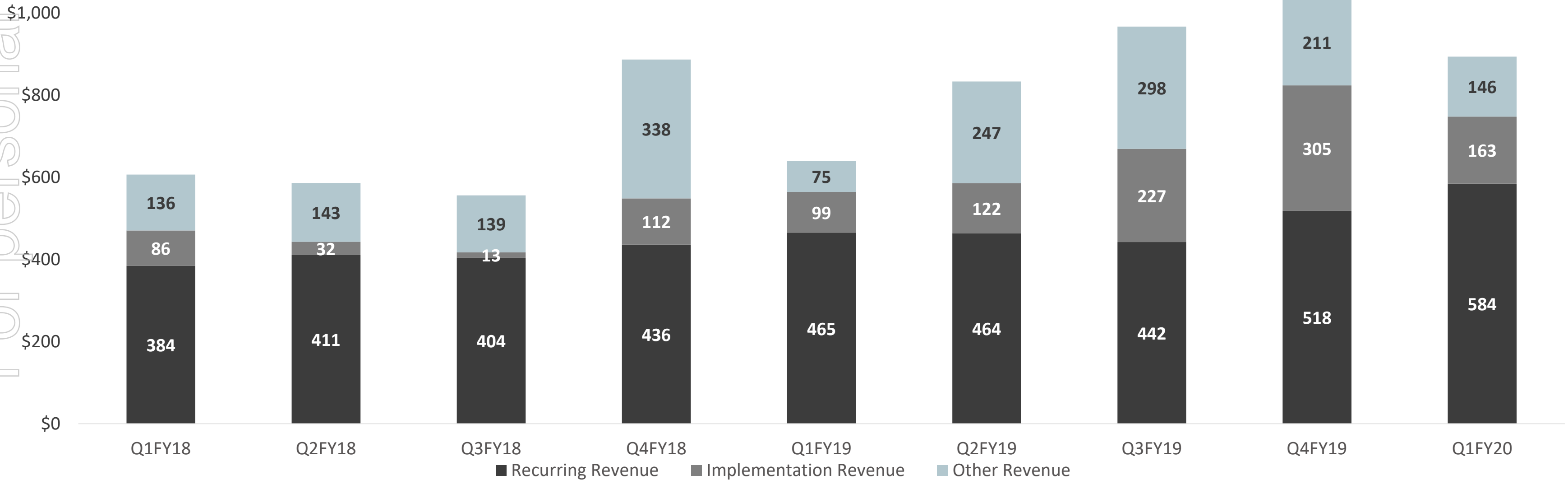
Quarterly Recurring SaaS Revenue (\$000)



# Total revenue growth

- Total revenue growth of 40% vs Q1 FY19
- Implementation revenue up 65% vs Q1 FY19
- First quarter is traditionally a seasonally weak period for implementation revenue as most work is completed before the end of the financial year

Quarterly Total Revenue (\$000)



# New and renewed contracts

8Common have announced three new contracts and four extended contracts since the beginning of CY19



Entity	Type	Date	Value*	Term
Federal Prime Minister & Cabinet	Extension	18 November 2019	~150k	1 year
Transport for NSW	Extension	8 November 2019	~750k	3 years
NSW Audit Office	New Contract	18 September 2019	~150k	3 years
NSW DPIE	Extension	13 September 2019	~237k	1 year
Service Delivery Office	New Contract	28 June 2019	~216k	3 years
DIIS	New Contract	10 May 2019	~544k	3 years
Federal Department of Finance	Extension	27 February 2019	~640k	3 years
NSW Department of Education	Extension	22 January 2019	~250k	1 year

\* Values are GST inclusive

# Market opportunities

Payment and expense industry dynamics are changing driving opportunities

Key macro changes in the industry are focussed upon:

- Straight through processing
- Procure to pay
- Increasing compliance and audit oversight of government and enterprise spend

8CO platforms are set to benefit from continued change in Government and corporate expense and procurement policies



Full automation of expense process



Instantaneous payment



Prepaid cards and automation is 70% cheaper than procurement process



Real time audit and expense tracking



Growing card limits  
NSW PCard limit  
\$5k in 2018  
\$10k in 2019



Increased data security and monitoring

# Product leverage

**Leverage** existing relationships to introduce other 8CO products

## Travel - Federal Government

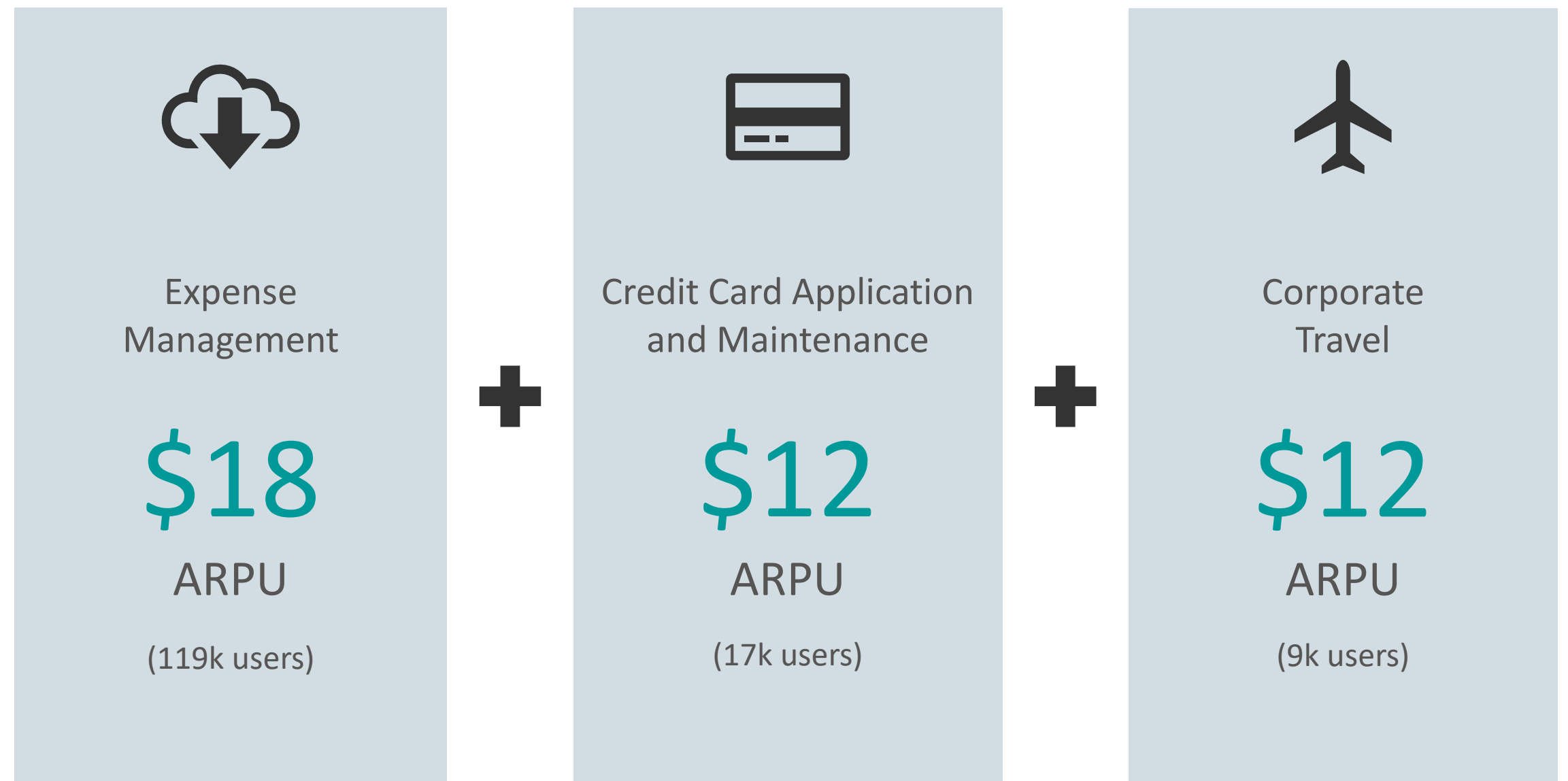
- Only eight Agencies currently use corporate travel (8k people)
- Under shared services potential to add a further +50 agencies and +40k people into travel module

## Travel - NSW State Government

- One entity at present with potential to deliver a further six entities and +60k people

## Card application – State and Federal

- 17k users with potential to deliver significant growth
- +50,000 potential in NSW
- +14,000 in Federal Government



# CardHERO

Closed loop fund disbursement platform

1<sup>st</sup> Client has signed a paid pre-implementation product discovery phase

## Target Use Cases:

- Disbursement of Grants
- Payment of Allowances

## Delivering:

- Card Application and Maintenance (Physical or Digital)
- Transaction Reconciliation
- Fraud and Compliance Monitoring
- Australian based implementation and support

## Prepaid Cards will:

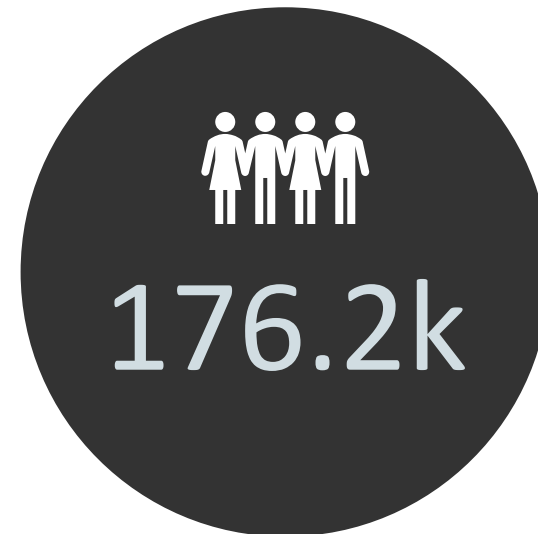
- Replace existing debit of funds into accounts
- Provide transparency and reporting
- Reduce the processing cost of funds disbursement

## Revenue Model:

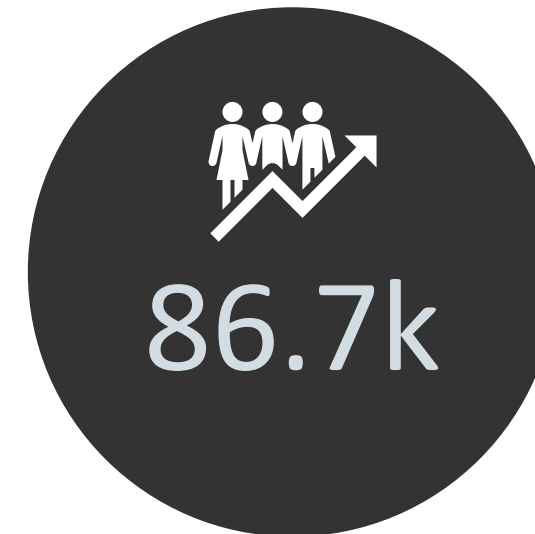
- Implementation Fee
- Monthly Platform Fee
- Monthly Subscription Fee per card
- % of load fee charged monthly

## Example: National Disability Insurance Scheme

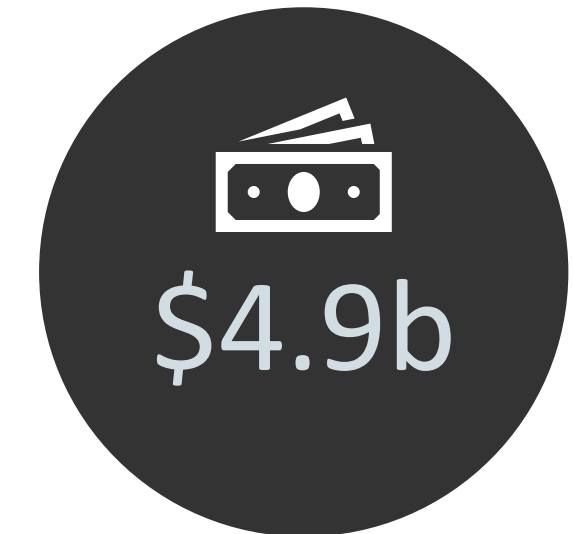
Largest provider of not for profit funds in Australia and a perfect potential client for 8CO given our technology and strong Government relationship



People have received individual plans



New users registered in 2019



Funds paid under the scheme in FY18

## Existing Method

- Bank accounts created
- Multiple debit cards issued
- Limited transaction visibility
- Limited reporting capability
- Manual reconciliation of spend

VS

## CardHERO Solution

- Prepaid Card issued
- Full transaction visibility
- Full reporting and analysis
- Compliance and fraud monitoring
- Automated reconciliation of spend



# PayHERO

Closed loop payments platform

## Target Use Cases:

- Large enterprise procurement marketplaces
- Grant disbursement programs

## Delivering:

- Tokenised Credit Card and User Management
- Supplier on-boarding & management
- Transaction Reconciliation to ERP
- Fraud and Compliance Monitoring
- Australian based implementation and support

## PayHERO's Payment Gateway will:

- Replace existing supplier payment gateway provider
- Facilitate straight through financial ERP processing

## Revenue Model:

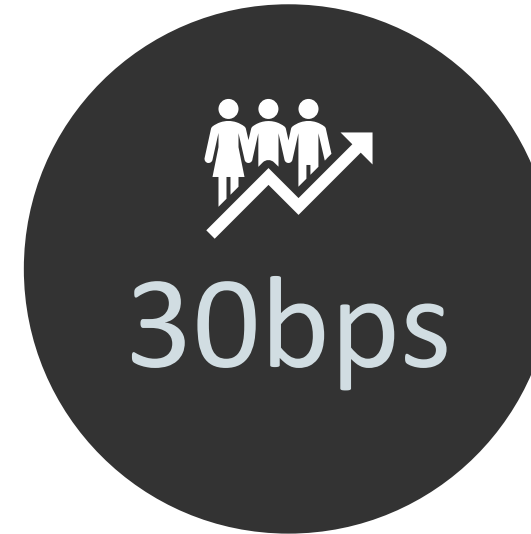
- Implementation Fee
- Monthly platform fee
- Monthly subscription fee per card
- % of transaction value & per transaction fee

## Example: Government Procurement

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



Procurement budget  
from State and Federal  
Governments



Average gross dollar  
volume fee



PayHERO potential  
addressable market

## Existing Method

- Disparate systems
- Multiple approvals
- Rekeying of information
- Limited data available
- Manual reconciliation of spend

VS

## PayHERO Solution

- Full Integration into Expense8
- Straight through processing
- Compliance and fraud monitoring
- Rich data integration
- Automated reconciliation and approval of spend

Source:

<https://www.afr.com/technology/nsw-government-looks-to-microsoft-artificial-intelligence-to-cut-10m-costs-20180607-h112nu>

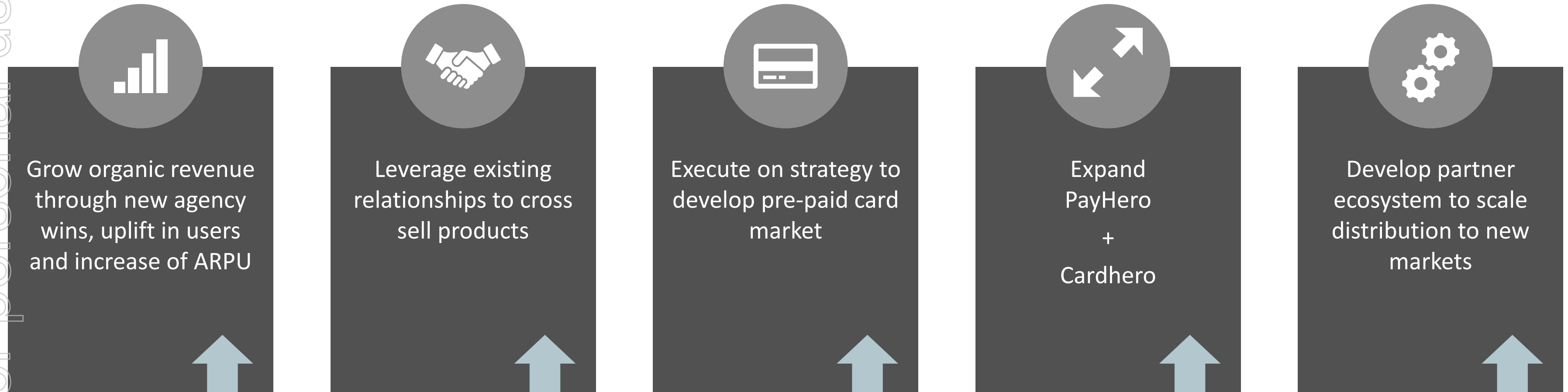
<https://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/>

<https://nt.gov.au/industry/government/sell-my-goods-and-services-to-government/buy-local-plan>

# The outlook

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

The focus of our business will be to:



# Formal Business

Executive Chairman – Nic Lim

## Items of Business

### Consideration of financial reports

“To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Directors’ Report, the Remuneration Report and the Auditor’s Report for that financial year.”

**Note: This item of ordinary business is for discussion only and is not a resolution**

## Items of Business

### Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 30 June 2019.”

**Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company**

## Items of Business

### Resolution 2: Re-election of Adrian Bunter as Director

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That Mr Adrian Bunter, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.5, and being eligible offers himself for re-election as a Director of the Company, effective immediately.”

## Items of Business

### Resolution 3: ASX Listing Rule 7.1A Approval of Future Issue of Securities

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

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Q&A



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