



Investor update: AXS Group Limited

On 25 February 2019 AXS Group Limited (AXS Group) lodged a third Supplement to the Prospectus lodged with Australian Securities and Investments Commission (ASIC) following discussions with the Australian Stock Exchange Limited (ASX).

This Third Supplement to the Prospectus consists of three key updates:

1. Provide working capital statement including forward budgeted revenue for AXS Group that is updated and verified by the Independent Accountant (Nexia) to FY19 \$5.1M and FY20 \$7.5M.

FY 2018	FY2019 ¹	FY2020 ¹
\$3.225M ²	\$5.1M	\$7.5M

2. Provide updated financial statements for the period of 30 June 2018.
3. Industrial Alliance (IA) Canada's 4th largest Insurer (TSE:IAG) is now AXS Group's first customer to use a new software license and price structure allowing growth in revenue to match growth in customer transactions and assets under management.

Highlights for the Investor

Based on the above FY2020 revenue forecast, this equates to EV/Revenue of 3.07x on max IPO raise of \$3.5M. On forecast revenue we expect EBIT of at least \$2M.

The updated revenue forecasts, new business, innovative new pricing, previously advised removal of cash payment to the Founders and capital raise reduced to \$3.0M to \$3.5M from previous target of \$6.5M to \$7M makes the AXS Group IPO a stronger investment opportunity in one of the fastest growing areas of the financial services software market.

Key points on AXS Group

- » AXS Group is acquiring an established, profitable company with a growing international customer pipeline, with the IPO to fund AXS' expansion and take on larger entities as a transparent listed entity;
- » The ARMnet software product is complete, with its own in-house development team so there is no cash-burn in development of software opportunities from new client growth activities;
- » Extensive Australian client base with a global footprint - circa over 45% clients offshore (Canada and Europe primarily);
- » Landmark client acquisition in Canada - recently signed Industrial Alliance (IA) ARMnet software is being rolled out to 25,000 mortgage brokers. IA are a Top 100 Toronto Exchange Listed Canadian with in excess of CAD\$172bn of assets under management. AXS has been appointed to automate, integrate and digitise origination and underwriting activities for new loan book assets; and
- » AXS is also currently in discussions with IA to implement an extension to the software implementation that will service and manage IA Financial Group's existing \$CAD 12 billion plus loan book.

Updated capital considerations for Initial Public Offering:

- » IPO to raise \$3.0 to \$3.5m @25 c per share, 12% of company on offer.
- » Over 90% of clients retained over 5 years, with contracts ranging 3 to 5 years or longer.
- » Approximately 25% of non-bank lenders using the software in Australia.

- » Proprietary technology owned and developed in-house.
- » Over \$100bn assets of clients utilising the technology.
- » New management team to provide enhanced listed financial and commercial governance to underwrite the rapid company expansion, with the company founders retaining management positions to ensure business continuity over next 3 years from IPO.

Additionally, AXS Management and Board are highly incentivised to achieve the following targets through two option classes:

- » **Class A:** Upon AXS Group achieving an EBITDA in excess of \$2.9 million in either FY2019 or FY2020.
- » **Class B:** Upon AXS Group achieving an EBITDA of \$3.7 million in either FY2019, FY2020 or FY2021.

What does AXS Group do?

The AXS Group provides an integrated solution through its ARMnet software, that digitises and automates essential processes and workflows, in real time for the financial services industry.

Problems that we solve?

Every financial services company has integration problems. They utilise multiple systems across a wide range of functions, the problem being that as most systems can't or often won't talk to each other, that creates delays, costs and errors. The ARMnet software provides the solution to these problems by reducing both complexity and cost through the design of processes, and the integration of systems to increase both the speed and accuracy of essential business processes and workflows.

How?

The ARMnet software ingests, cleanses and transforms data, allowing multiple systems and processes to talk to each other, or it can collapse multiple system processes to its own system to deliver an end-to-end solution in a fast, reliable and secure manner.

Example: One Canadian client reduced its month end processing from 4 days to 4 minutes utilising ARMnet, saving it CAD\$500,000 per processing team per annum, helping it grow from the 15th to the second largest business processing firm within the 5 years post using AXS' technology.

How large is the Market for this software?

Global IT spend is USD\$3.7 trillion and expected to grow by 4.5% from 2017, and per Gartner research Integration platform as a service is one of the pre-eminent growth areas with a compound annual growth rate (CAGR) of 40%.

What makes the software unique?

The software is asset agnostic, scalable, has easy data extraction, can converge and integrate any separate IT Systems and it is a Front to Back Office end-to-end solution. We started in new loan origination and servicing existing loan books and we are now adding more sectors and different asset classes with the clients that we are taking on.

Investors may obtain a copy of the AXS Group Prospectus by contacting our registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) during the hours of 8:30 am to 5:00 pm AEST Monday to Friday or through the AXS Group website www.axsgroup.com.au in the Investor section.

1. Verified by Nexia as forecast minimum.

2. Please refer to section 6.62 and 6.63 of the Third Supplement for Access Consulting (target company) profitability.