

**When you really  
know a face,  
business  
opportunities  
are endless.**

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Enterprise grade  
facial recognition  
Apps.

**Investment Memorandum**  
February 2019

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Noah Facial Recognition Pty Ltd (ACN 615173709) (Company)

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# Executive Summary

- Noahface is a Sydney-based Australian owned software company.
- Noahface has developed a suite of robust, proven facial recognition Apps that are simply better products in the verticals they are designed for:-
  - Payroll Time and Attendance
    - Reduce costs ✓
  - Access Control
    - Reduce risk ✓
  - Task tracking and job costing
    - Save time ✓
  - Attendance monitoring
    - Increase data ✓
  - Visitor registration
    - Improve security ✓
  - and many more business functions
- Noahface continues to build recurring cash flow since launch in March 2018.
- Customers include:- Canberra Airport, Rhino Rack, Pickering Transport & many more.
- New customers are being signed every month in Australia and NZ through our resellers and channel partners.
- At Noahface we believe we hold a unique position in this space. No App based facial recognition competitors have been identified.
- NoahFace is well positioned to grow across the globe and is highly scalable.
- The combined global market for our suite of apps is in excess of \$20 Billion.
- The revenue model is software-as-a-service, on a business-to-business model.
- Noahface is seeking to raise capital to scale up aggressively by employing additional sales people, executing its go-to-market plans & continuing product development.



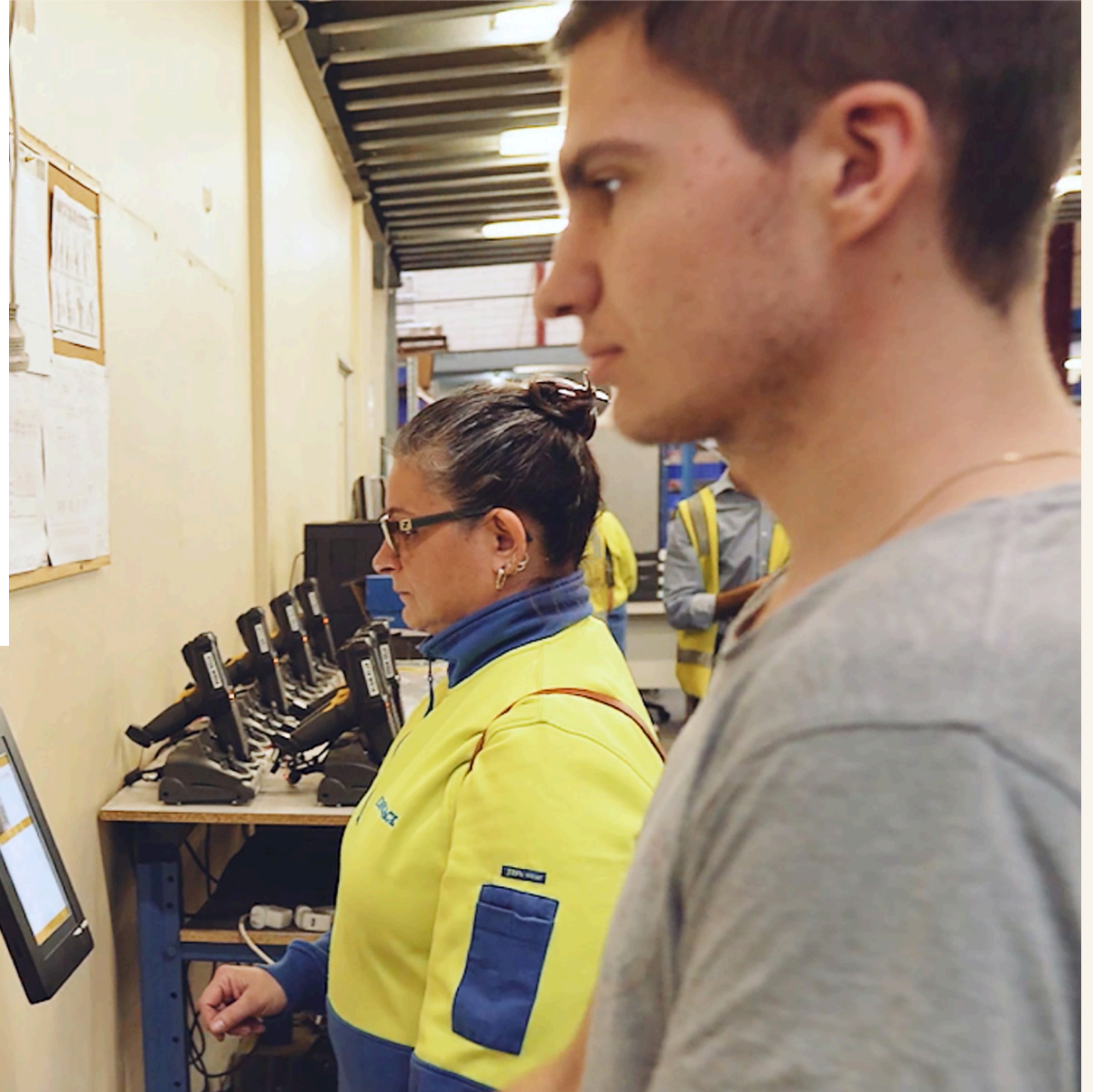
# The Product

Noahface software is a suite of high speed, low cost, accurate, proven facial recognition applications designed to operate on iPads.

The suite of apps is:

- **Shift** (released Feb 2018)
- **Access** (released Aug 2018)
- **Task Tracking** (ready for launch)
- **Attendance** (ready for launch)
- **Visitor registration** (2nd Qtr 2019)
- **Global Payroll Integrations** (on-going)

All of the products can work on a stand alone-basis or networked via a cloud infrastructure with associated shared data storage.





## How it works

- The in-built iPad camera continuously reads the biometric data of customers / employees / visitors as they approach the tablet.
- The software scans the database for a match.
- Matching is sub second.
- When the person is 'recognised', relevant information is displayed or business function performed.
- Event data is logged for audit purposes in the cloud or locally as the client prefers.
- Networking allows multiple tablets to be synced across multiple locations. Amazon web services (AWS) are used.
- Facial biometrics are shared across multiple devices.
- Users only register once.

# Competitive Advantage

- Lower licence cost
- Continues working when the internet or network is down
- Faster and more accurate
- Automatic biometric learning as faces change over time
- More robust algorithm (highly secure)
- Hygienic (No touch auto access App)
- Multiple verticals from one platform
- No direct competitors with a downloadable facial recognition App performing multiple business functions

***“Simply a better product in the verticals we play”***



# Key Benefits

The various apps have benefits relevant to the specific business function:

- **Shift** provides accurate, seamless and streamlined processing of employees at the start and finish of their daily shift. This data is automatically passed through to the payroll software.
- **Access** provides automatic door/gate entry on recognition, negating the need for swipe card and all happening in sub-second speed. The app has the ability to facilitate 2 factor authentications for business that require a greater level of security (e.g. airports).

***“It’s simpler, faster and more accurate”***



# The Potential - SaaS Model

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- Enormous global market for all products
- Very high profit margin with each new customer.
- Proven reseller model. Grow the resellers, we grow the business.
- Low acquisition costs with resellers doing the selling, distributing, training and providing post sales support.
- NoahFace cloud infrastructure allows subscriptions to be billed in multiple currencies which allow for discriminatory pricing if needed.
- OEM & “White labelling” opportunities exist across all verticals.
- OEM and Strategic alliance discussions are underway.



# Highly Scalable

- Software is exclusively run on iPads.
- Software is downloaded from the Apple App store anywhere in the world.
- Easy to install and commission.
- Remote video training if required
- No Inventory is required within the business
- Resellers provide installation services, training and post sales support.



# Intellectual Property

1. Registration user interfaces and processes
2. Configurable action screens for different solutions (eg: access control, time and attendance, job tracking, etc)
3. Liveness testing algorithms
4. Automated learning algorithms
5. Cloud platform, including configuration, reporting, event viewing, billing, and user management
6. Open REST based APIs
7. Integrations with various user directory platforms (eg: Google), payroll systems (eg: KeyPay, Xero, Payroll Metrics, etc), and access control systems (eg: Gallagher)



***“We no longer want to rely on security cards and keys alone to secure the most sensitive areas of the airport. Not only does Noahface’s technology limit unauthorised access, it also provides a secure photographic record and timeline of who enters or exits sterile areas.”***

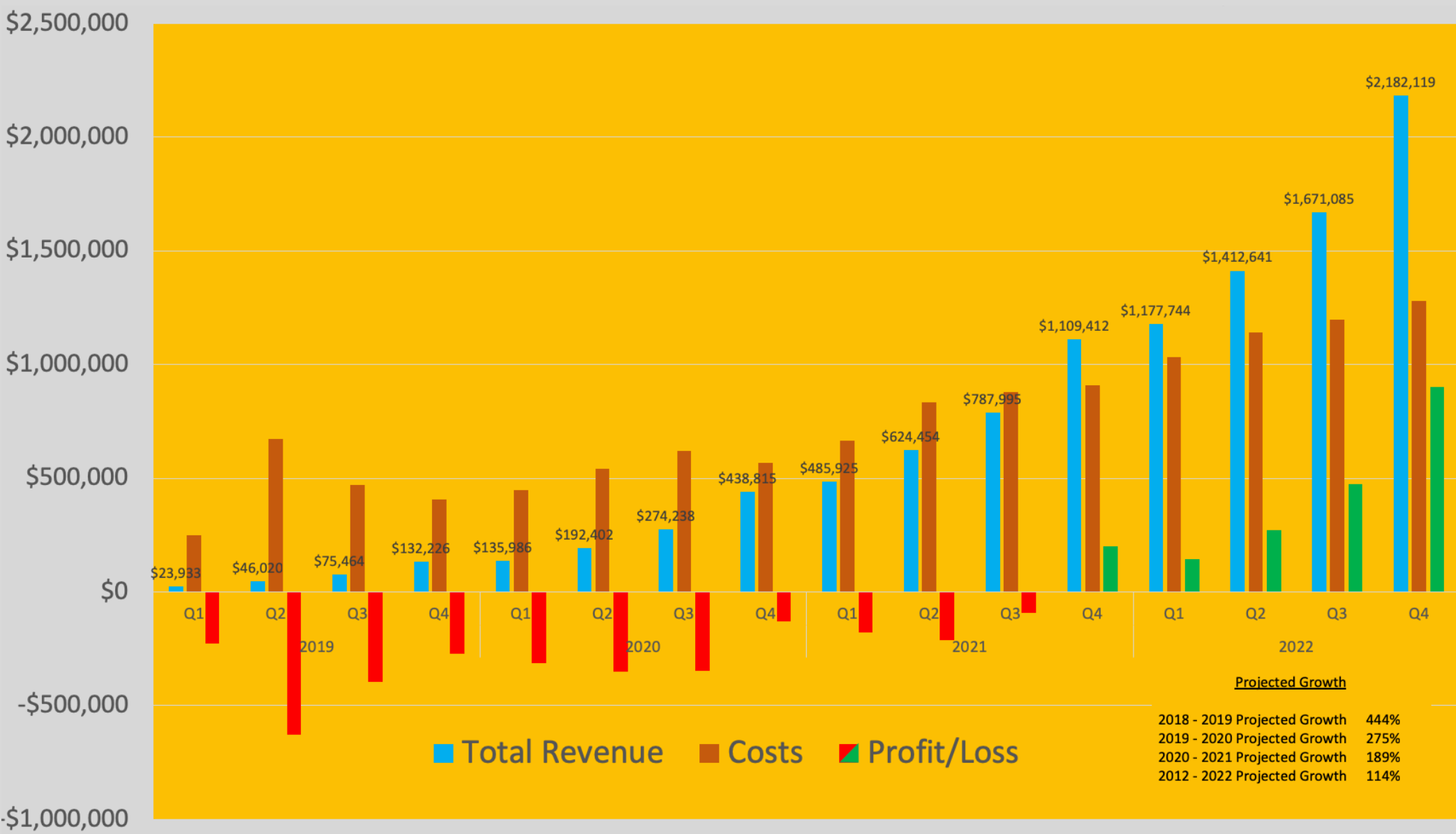
Stephen Byron - CEO, Canberra Airport



# The Numbers

<div>Total customers Australia &amp; New Zealand</div> <div>38</div> <div>At Jan 2019</div>	<div>Facial Recognition events since 1st install</div> <div>249,000</div>	<div>Total users</div> <div>2964</div>	<div>Customer aquisition Feb 18 - Jan 19</div> <table><tr><th>Month</th><th>New</th><th>Cumulative</th></tr><tr><td>Feb 18</td><td>1</td><td>1</td></tr><tr><td>Mar 18</td><td>1</td><td>2</td></tr><tr><td>Apr 18</td><td>1</td><td>3</td></tr><tr><td>May 18</td><td>1</td><td>4</td></tr><tr><td>June 18</td><td>1</td><td>5</td></tr><tr><td>Jul 18</td><td>2</td><td>7</td></tr><tr><td>Aug 18</td><td>2</td><td>9</td></tr><tr><td>Sep 18</td><td>4</td><td>13</td></tr><tr><td>Oct 18</td><td>5</td><td>18</td></tr><tr><td>Nov 18</td><td>6</td><td>24</td></tr><tr><td>Dec 18</td><td>6</td><td>30</td></tr><tr><td>Jan 19</td><td>4</td><td>38</td></tr></table>	Month	New	Cumulative	Feb 18	1	1	Mar 18	1	2	Apr 18	1	3	May 18	1	4	June 18	1	5	Jul 18	2	7	Aug 18	2	9	Sep 18	4	13	Oct 18	5	18	Nov 18	6	24	Dec 18	6	30	Jan 19	4	38
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Jan 19	4	38																																								
<div>Forecast new customers 2019 CY</div> <div>169</div> <div>Australia &amp; New Zealand</div>	<div>Forecast new customers 2019 CY</div> <div>40</div> <div>International</div>	<div>Total devices</div> <div>149</div>	<div>Annualised recurring revenue</div> <div>\$51,000</div> <div>As at 31/01/19</div>																																							

# Cumulative Recurring Revenue, Costs, Profit/Loss by Qtr



# Capital Raising Overview

<b>Size</b>	\$2.5 Million
<b>Form</b>	Ordinary Shares
<b>Valuation</b>	\$8,500,000 - (Post money)*
<b>Prior Investment</b>	<ul style="list-style-type: none"><li>• All capital invested to-date structured as ordinary equity (\$1,700,000)</li><li>• At 31 January cash balance \$284,000 (R&amp;D \$98K)</li></ul>
<b>Use of Funds</b>	<ul style="list-style-type: none"><li>• Growth capital for CY2019/2022</li><li>• Sales &amp; Marketing (60%), Operations (30%), Technology (10%)</li></ul>
<b>Offer Closes</b>	30th March 2019
<b>Governance</b>	Advisory board

*\*at the completion of this capital raise, the company will be buying back and canceling shares currently held by some of the existing share holders to ensure no dilution to existing shareholders as part of this round.*

# Key Risks

Risk	Mitigation Strategy
Sales don't meet forecast	<p>The business already has a well developed and tested go to market strategy, and is already generated sales.</p> <p>Our revenue projections are conservative, excluding both:</p> <ul style="list-style-type: none"><li>- Large OEM and strategic partner opportunities.</li><li>- Job Tracking, Visitor Registration, and Attendance applications.</li></ul> <p>The intent is to constantly review and amend our go to market strategy as required.</p>
Competition from large tech players or existing vertical players	<p>Overall, our mitigation here is speed to market. More specifically:</p> <p>At a sales level, we are leveraging specialist resellers/installers in each vertical. This channel based model is much faster to grow than direct sales.</p> <p>At a technology level, our liveness testing and learning algorithms are world-class and we believe will take considerable time for others to copy.</p> <p>We are also open to OEM relationships and strategically partnering, to avoid competition, grow revenues faster, and identify potential acquirers.</p>
Funds not deployed to maximum benefit	<p>Both Geoff and John are highly experienced managers, having each been involved in successful startups in the past.</p> <p>We have assembled a high caliber advisory board, who we meet with regularly to provide oversight and advice.</p>
Key staff	<p>Both Geoff and John have a passion for the business and the technology, which is evident from the progress made to date.</p> <p>Our intent is to employ 2ICs and acquire keyman insurance.</p>
Failure to attract sufficient resellers to all verticals	Re-evaluate reseller offering

# The Founding Management Team

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## Geoff Cropley - CEO

With over 34 years of successful business leadership in a wide number of industries Geoff has clearly demonstrated his ability to create or identify business opportunities.

Leading examples of this is the Rola Roof Rack business identified in 1987 turning a small business into a major manufacturing player in the automotive industry then followed by Titan Australia a marine business in 1991 taking his own invention to global dominance producing a ROI of 2800% after 10 years being sold to a publicly listed UK company Lewmar.

Geoff's leadership most recently was in the IT space as COO of SuperIQ which Geoff led a team building from scratch a SMSF platform for AMP and later sold in 2015 of which Geoff was a shareholder.

Geoff has seen failure and the lessons learned from that. With the many many businesses Geoff has been involved with from the early age of 27 he brings a thorough understanding of what is needed to achieve success with new ideas and business start-ups.

Adding to Geoff's experience he served on the Board of Directors at the Cruising Yacht Club of Australia for 12 years from 1992 to 2004.



## John MacLean - CTO

With 30 years of IT experience, John's career spans Software Development, Product Management, Project Management, and Technical Marketing.

Throughout this time, John has maintained a passion for technology, and a desire to periodically return to writing code to build transformational software products and businesses from the ground up.

John's role as the technical lead at two successful start-ups illustrates this perfectly: At Tower Technology, John was instrumental in growing a fledgling technology startup (focused on Document Imaging technology) into a thriving 350 person business, with profitable operations in Australia, the UK, and the US.

In 2011, John joined Super IQ, where he was the principle Software Architect, Lead Developer, and later the Chief Technology Officer. Under John's technical direction, SuperIQ transformed the SMSF Administration market place, through the adoption of modern Web Dashboards, Data Analytics, and an unprecedented level of workflow process automation. SuperIQ was sold to AMP in 2015.

## ESIC Approved

- Noahface is ESIC approved.
- 20% Tax offset of capital invested.
- ATO ruling published in December 2016.
- Ruling still applies.



# Path to Exit

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The key to the value of successful SaaS business' is their ability to generate recurring revenue. Once a client is on-boarded and serviced well, their use of the product tends to be 'sticky' and the likelihood of losing the revenue low. The cost-to-serve clients also tends to be low, making SaaS businesses highly scalable. Once the technology has been built and is in use, the key focus should be on acquiring new customers and servicing those customers.

For these reasons, valuations in the SaaS sector tend to be strong, with recent US SaaS IPO's (DocuSign, Smartsheet, Z-Scaler and Zuora) trading at an average valuation of 16.53x revenue. Whilst this is generally considered high, the median SaaS multiple in the US since 2014 has ranged from 4.43x to 9.32x revenue.

If NoahFace reaches its forecast goal of annual recurring revenue of ~\$7.6M by December 2022, and assuming acquisition multiples continue at these levels, the valuation of the business on exit could be between \$33.8M (4.43x revenue) and \$71.2M (9.32x revenue). At the current post-money valuation of \$8,500,000, this could result in a return to investors in this round of between ~4x and 8.4x their investment.

Read more about valuations of Australian SaaS companies on the ASX here:- <https://www.fool.com.au/2018/09/05/why-are-asx-saas-shares-going-gangbusters/>

Investment Director at Bailador:- <https://bailador.com.au/news/factors-to-consider-when-valuing-a-saas-company>

# The Advisory Board



**Peter Bush**

Peter has enjoyed a long and very successful career in fastmoving consumer goods (FMCG), holding senior roles with SC Johnson, Reckitt & Coleman, Ampol/Caltex and Arnott's and was CEO of AGB McNair and Schwarzkopf.

He has also run his own strategic consultancy business for six years with clients including Qantas, Telstra, George Patterson Bates, John Singleton Advertising and McDonald's Australia. In 2003, he became the CEO of McDonald's Australia.

Peter is Chairman of Mantra Group Holdings Limited and Chairman of Southern Cross Media Group Limited and was previously Chairman of Pacific Brands Limited, Nine Entertainment Co and NEC Holdings Pty Limited and a Director of Insurance Australia Group Limited.



**Melanie Wills**

Melanie has extensive financial and professional services experience in both Executive and non-Executive roles in a wide range of industries and has had significant Board-level exposure to international operations and global businesses.

During the last 10 years, Melanie has held non-Executive Directorship roles at Aevum Limited, Hydro Tasmania, Rhodium Asset Solutions, Crowe Horwath Australasia Ltd, Club Assist Limited, Ardent Leisure Limited and Pepper Group Limited.

Melanie has also held Senior Executive roles with Deutsche Bank (Director) and Bankers Trust Australia (Vice President) and was CEO and an Executive Director of NRMA Investments until March 2015.

Melanie is currently a Non-Executive Director of, Southern Cross Media Group Limited, Challenger Limited & Challenger Life Company Limited.



**Liz Savage**

Liz has extensive experience in growing businesses organically and by acquisition, governance of organisations in change and with expertise in strategy, marketing & digital commerce. She applies customer-centred leadership to her portfolio of ASX listed, private, local government & not-for-profit Director roles in the competitive tourism, travel, hospitality, workforce & tech sectors.

Liz previously held C-suite executive roles in high growth, disruptive consumer businesses in the UK, Europe & Australia: as Business Development Director of EasyJet & Chief Commercial Officer of Virgin Australia. Liz's current Directorships include North Queensland Airports (Cairns & Mackay), ASX-listed People Infrastructure, Brisbane Marketing and Triathlon Australia.



**Andrew Bloore**

Andrew has been described as a serial entrepreneur, being involved in the establishment, design, funding, commercialisation and ultimate sale (both trade sale and IPO) of a number of businesses in a diverse range of industries. Until recently he was CEO of SuperIQ, the largest administrator of Self Managed Super Funds in Australia.

Andrew has sat on a wide range of ATO and treasury committees, including Simple Super Legislation committee, Regulations review for ATO, Henry and Cooper Review industry panel and a range of Senate select committees. Andrew has interests that extend through agriculture and the financial technology industry and continues to be committed to assisting firms to grow, develop and commercialise their activities.

He currently sits on the board of Guild Trustee Services, Landcare NSW and is Chairman of Gold Cross Products & Services.

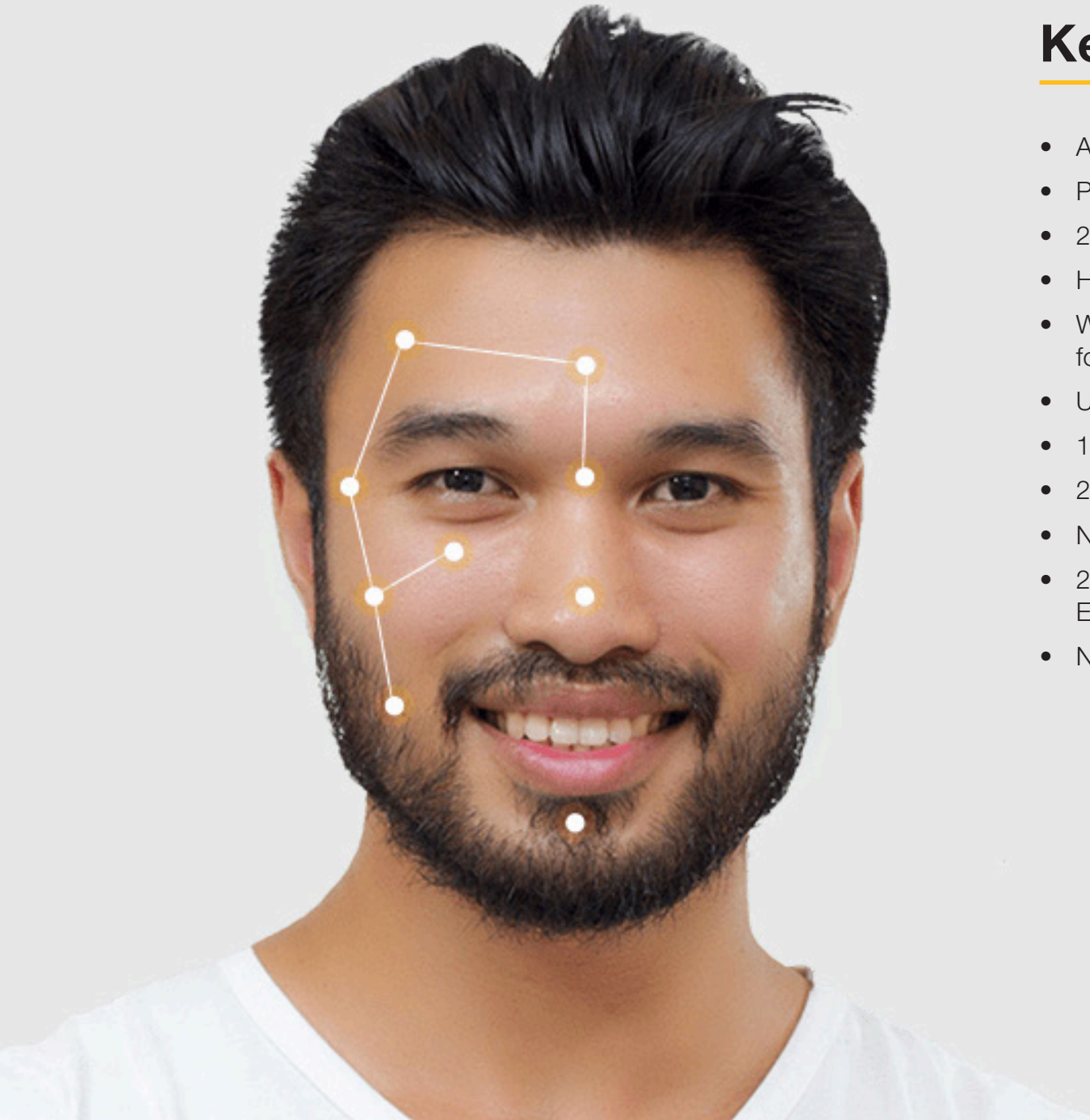


**Henry Shiner**

Henry most recently served as Vice President – Chief Information Officer of McDonald's Australasia since 2007, where he was responsible for IT strategy and implementation for the McDonald's business across Australia, New Zealand and the Pacific Islands. Henry has held NED roles on the National Board of Ronald McDonald Charities, Craveable Brands, Slikr, AirService and Advisory Board roles with numerous other companies.

Prior to McDonald's, Henry held Senior Executive positions in Norske Skog, FletcherChallenge Paper, Honeywell Ltd and AGL. His experience across these markets have included leading Strategic Planning, Technology Strategy and Development, Security, Manufacturing operations and Governance and Quality Management.

In addition to an Honours Degree in Chemical Engineering, Henry has graduated in Management Studies focused on Global Strategy execution from the IMD School at Lausanne, Switzerland and is a member and graduate of the Australian Institute of Company Directors.



## Key Assumptions to forecast

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- Average plan price \$147
- Plan value rises at 1/2% per month
- 25% of businesses pay 12 months in advance
- Head count of business rises from 3 to 19 over 48 months
- We enter the West Coast USA market with 1st sale forecast in July 2019
- UK market 1st July 2010
- 1 new large customer added in 2019 to the business with 4000 staff each
- 2 new Large Customer added in 2020 to the business with 4000 staff each
- No revenue assumed for Strategic partner licence fees
- 2 key payroll integrations done with major brands each year  
Eg: Attache, Inzenious, APD, Chris 21, Frontier, Sage
- No Revenue assumed for products
  - Task Tracking
  - Visitor Registration
  - Attendance

## Some of our customers



**RHINO-RACK**



**nutrano**  
PRODUCE GROUP



# Contact

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For further information contact Geoff Cropley 0417 344 955 - email [gcropley@noahface.com](mailto:gcropley@noahface.com)  
or Peter Bush 0412 603 209 - email [pbush@bigpond.net.au](mailto:pbush@bigpond.net.au)