



HotelClub



EQUITY VENTURE PARTNERS

# Quarterly Report

EVP FUND II  
March 2019



# Investor Update

The quarter to March 2019 marks the first full quarter since the formal closing of the Fund. As of this quarter, each report will include:

1. A Portfolio Summary which outlines each of the Fund's investments along with an updated view on valuation;
2. A Fund Snapshot detailing the Fund's financial position over the preceding three quarters; and
3. A page on each portfolio company, with an update on performance metrics and brief narrative summarising our view.

During the quarter we completed and announced our investment in Foodbomb. We are currently in active due diligence in relation to two new opportunities, both of which are likely to complete prior to 30 June this year. We expect to call capital shortly to complete both these investments.

## Foodbomb

Foodbomb is an online marketplace connecting food service businesses with wholesale suppliers. In February 2019 the Fund completed a \$1.0 million investment in the company.



*Justin (RHS) with the Foodbomb team following the investment*

Over the three months to March 2019, orders through the Foodbomb platform grew from 1,100 to over 1,600 (up 48%). The business has added two new engineers and hired a Head of Sales (previously with Uber Eats, introduced by EVP).

Foodbomb delivers real efficiencies to both restaurant operators and suppliers, evidenced by the growth in customer numbers and by the pattern of increasing utilisation within the existing user base. In a crowded market, the platform appears to have genuine competitive advantage, underpinned we believe by the co-founders' unique combination of deep industry experience (Paul) and strong digital growth credentials (Josh).

To date Foodbomb has operated entirely in the Sydney market. A Melbourne launch is planned later in 2019. We anticipate rapid adoption in Melbourne, to be followed by a broader national rollout over the medium term.

## The value of the network

We recently added a Jobs section to the EVP website, highlighting roles available across the 22 companies in the portfolio. The number of open roles currently stands at over 200.

As our portfolio builds, so too does the value inherent in the network. We are in late stage due diligence on two new potential investments. Both were introduced by founders of other EVP portfolio companies, a result of longstanding relationships and ongoing effort to serve as value adding investors. We see immense value in these referrals and look to our network increasingly as a source of high quality proprietary opportunities.

## Welcome Mark Velik

We're excited to welcome Mark Velik as the newest member of the EVP team. Mark joins us after 3 years at McKinsey and internships at Rothschild, UBS and Deutsche Bank. Mark will be active across all aspects of the business, adding depth and capability to our investment sourcing and diligence processes, and working with our portfolio companies on a range of strategic and operational assignments. Welcome Mark!

Until next quarter,

Les, Howard, Justin, Dan, (and Mark)



# Fund Snapshot

- As at 31 March 2019 total capital committed was \$34.95m.
- During the quarter, the Fund completed a \$1m investment in Foodbomb and now has \$26.2m remaining capital for investment.

	<u>31 March 2019</u>	
Number of Portfolio Companies	5	
	\$	As % of Com. Cap.
Committed Capital	34,955,000	
Cumulative Paid-In (Called) Capital	8,738,750	25%
Less Cumulative Distributions	-	0%
<b>Net cash from investors</b>	<b>8,738,750</b>	
<i>Use of called funds:</i>		
Purchase of investments	7,001,093	
Management fees and outgoings	540,685	
Cash at bank	1,178,262	
	<b>8,720,040</b>	
Valuation of portfolio companies	7,001,093	
Other net assets	-	
<b>Net assets of the Fund</b>	<b>8,179,355</b>	
<b>Total Value to Paid in Capital (TVPI)</b>	<b>0.9x</b>	
Uncalled Capital	26,216,250	75%
<i>Amounts Reserved for:</i>		
Follow-On Investments	-	0%
Commitments to the management company	0%	
<b>Called and Reserved Capital</b>	<b>8,738,750</b>	<b>25%</b>
<b>Available for drawdown</b>	<b>26,216,250</b>	<b>75%</b>

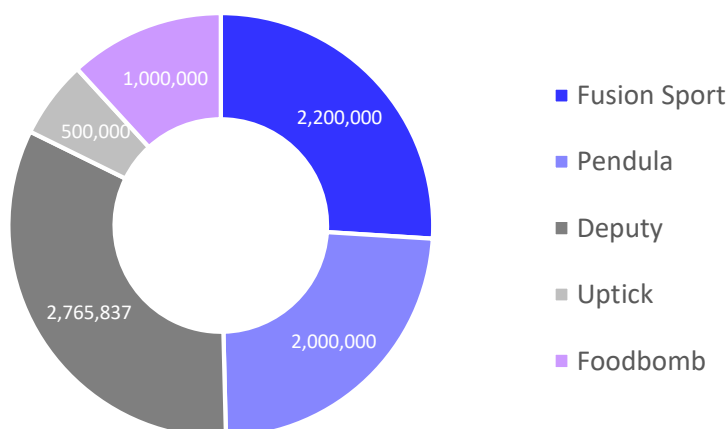
# Portfolio Summary

- During the quarter to March 2019 EVP Fund II invested \$1.0 million in Foodbomb.
- At March 2019, the Fund had invested a total of \$8.47 million across a portfolio of five companies. All investments are carried at cost.

Company	Date of Initial Investment	Amount Invested	Portfolio Weighting	Market Valuation	Valuation Uplift	Holding Period (months)
Fusion Sport	Sep-18	2,200,000 <sup>(2)</sup>	26%	2,200,000 <sup>(1)</sup>	na	6
Pendula	Sep-18	2,000,000 <sup>(2)</sup>	24%	2,000,000 <sup>(1)</sup>	na	6
Deputy	Oct-18	2,765,837	33%	2,765,837 <sup>(1)</sup>	na	5
Uptick	Dec-18	500,000	6%	500,000 <sup>(1)</sup>	na	4
Foodbomb	Feb-18	1,000,000	12%	1,000,000 <sup>(1)</sup>	na	1
<b>Total Investments</b>		<b>8,465,837</b>	<b>100%</b>	<b>8,465,837</b>	<b>na</b>	
<b>Total Value to Paid in Capital</b>				<b>1.00x</b>		

<sup>(1)</sup> Recently completed investment carried at cost

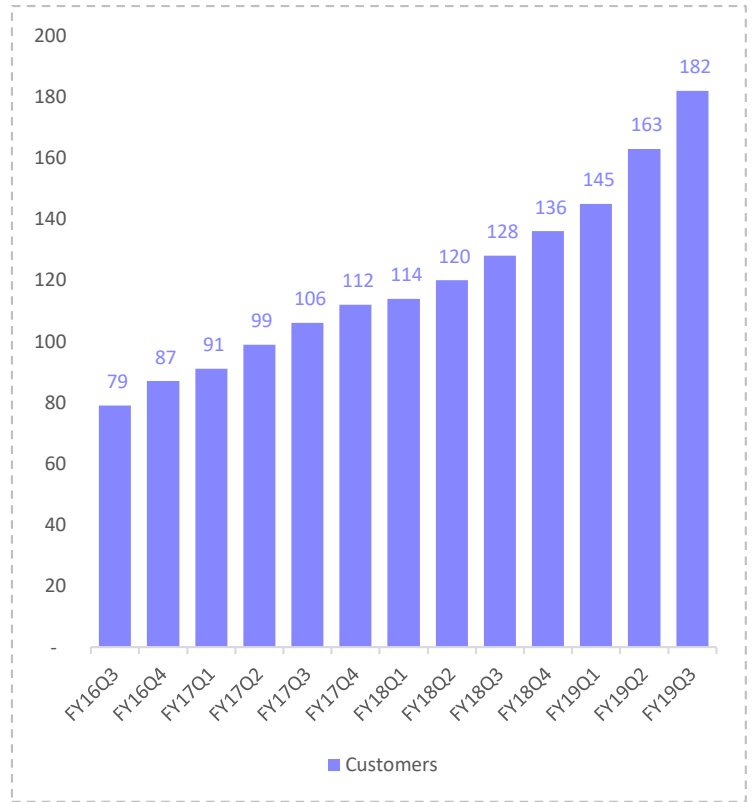
<sup>(2)</sup> The Fund's investments in Fusion Sport and Pendula were each made in two tranches. In each case, 50% of the total committed amount was invested upfront, with the balance payable at a defined later date. The above table reflects the total amount committed to each investment. In each case, as at 31 March only the first tranche had been completed.



**DESCRIPTION**

[Fusion Sport](#) is a global leader in “human performance” software. The Fusion platform is used by professional and semi-professional sporting teams, national sporting associations, and the military for assessing and optimising performance and health outcomes across athletes or personnel.

Investment Date	Sep-18
Investment Amount	\$2.2m
Current Holding	11%
Key Personnel	<ul style="list-style-type: none"> <li>Howard Leibman (EVP Team)</li> <li>Markus Deutsch (Founder)</li> </ul>

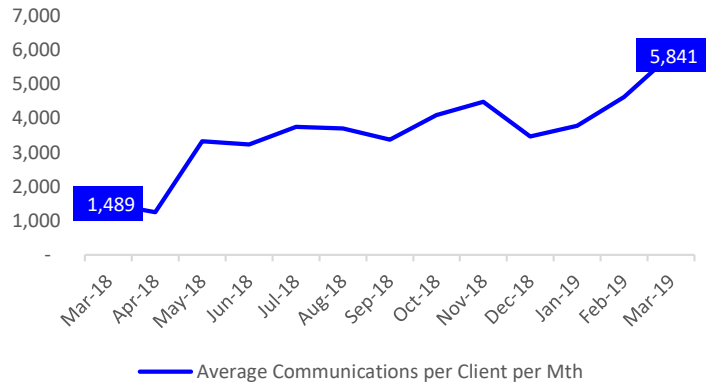
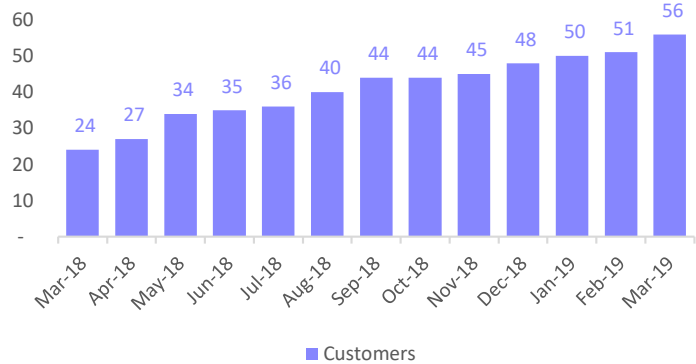
**KEY METRICS**

**PERFORMANCE UPDATE**

- Sales momentum over the past quarter has been slower than anticipated. This coincides with Fusion Sport CEO Markus Deutsch relocating from Australia to the US and beginning to recruit a sales and support team in Colorado to lead the company’s US expansion activities. The team is now largely in place and new executives have been trained and on-boarded. We expect US sales activity to accelerate in the quarter to June 2019.
- The above notwithstanding, during the quarter Fusion added several high profile new accounts. Key new customers include the Boston Red Sox, 2018 winners of the World Series Baseball championship, and the Dutch National Soccer Team. Most significant was the signing of the Dutch Olympic Committee for a multi-million dollar 6-year contract, subject to successful completion of a pilot program currently underway. The customer pipeline looks healthy, with a number of elite clubs, sporting federations, performing arts and military groups in active discussions.
- Last quarter Fusion released a beta version of Axiom, a software product targeting the semi-professional and sub-elite market. Following a trial period with an initial group of customers, Fusion is now planning a commercial release in late April, with a focus on Tier 2 Football clubs. In time we expect Axiom to underpin a material new revenue stream for the business.

## DESCRIPTION

[Pendula](#) is a two-way customer communication engine that helps businesses leverage multiple communications channels (SMS, Email, Social) to automate online interactions with their customers.

## KEY METRICS



Investment Date	Sep-18
Investment Amount	\$2m
Current Holding	17%
Key Personnel	<ul style="list-style-type: none"> <li>Justin Lipman, Howard Leibman (EVP Team)</li> <li>Alex Colvin (Founder)</li> </ul>

## PERFORMANCE UPDATE

- During the quarter the business added 14 new clients including Navitas, LendLease, Buildcorp and St Johns Ambulance. Whilst we are pleased by this growth, a number of larger pipeline opportunities are taking longer to close than anticipated. We are hopeful that these will close in the June quarter, significantly boosting revenue numbers to June.
- Pendula is developing an important new product architecture dubbed “Read, Respond, React”, aimed at improving functionality, scalability and ease of use for their customers. We expect the updated product to be launched before the end of the year, with potential to underpin both more widespread product adoption and a meaningful increase in revenue as an upsell opportunity.
- Towards the end of the quarter Pendula was accepted into the WhatsApp partner program. Only 10 businesses globally have been selected to power automated communication tools via the WhatsApp messaging service. Whilst this is not an essential feature in the Australian market, the WhatsApp functionality is a key differentiator as the business expands in Asia.

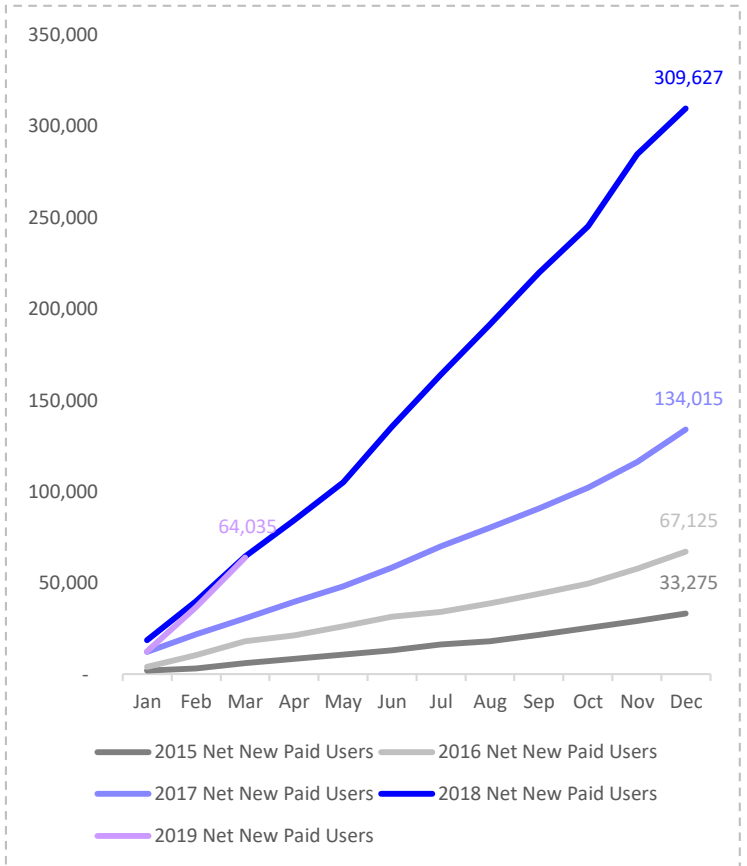


## DESCRIPTION

[Deputy](#) is a global workforce management platform that aims to redefine the shift work economy. The platform spans employee scheduling, communication, time and attendance, performance management, tasking and payroll.

Investment Date	Oct-18
Investment Amount	\$USD 2m
Current Holding	c. 0.4%
Key Personnel	<ul style="list-style-type: none"> <li>Howard Leibman (EVP Team)</li> <li>Ashik Ahmed, Steve Shelley (Founders)</li> </ul>

## KEY METRICS



## PERFORMANCE UPDATE

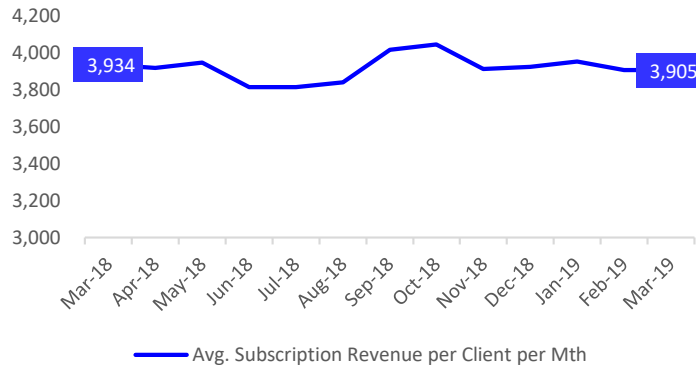
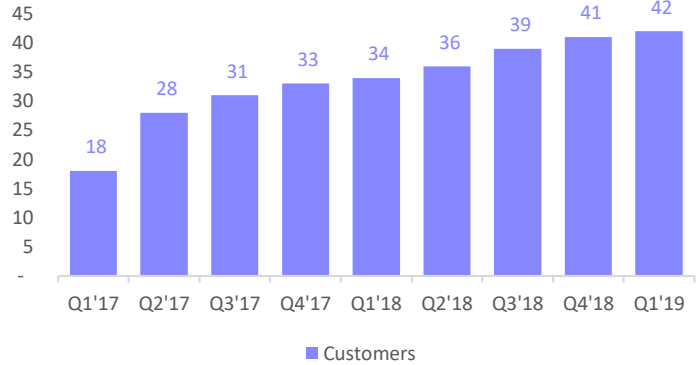
- In November 2018 Deputy raised \$US81m, providing significant capital to fund the company’s continued investment in team, product and growth. Early in 2019, the executive team and board aligned on an updated operating plan and targets for the year. The business has historically delivered annual revenue growth in excess of 100%. With the increased funding, we expect the company to maintain this trajectory through 2019 and beyond, albeit off a substantially larger base.
- During the quarter, the company continued to build its leadership depth, hiring several key executives. Jennifer Shambroom joins as Chief Marketing Officer based in San Francisco. Other senior hires include a global Head of Sales Operations, a new SEO lead, and a Head of Data.
- In March, the team took the unusual decision to walk away from a sizeable opportunity with Disney. This followed an extensive review process that had Deputy shortlisted as the preferred supplier. The Disney contract (like others of comparable scale) would have required a significant level of custom development and resourcing. Despite the size of the potential contract foregone, we see this both as validation of the company’s product leadership and as a measure of the company’s increasingly sharp focus on its core mid-market customer segment.
- Top line growth remains healthy, with Deputy adding over 60,000 net new users for the quarter.



## DESCRIPTION

Uptick provides specialist, cloud-based software for facility managers and field service operators to specify, manage, track and audit the delivery of regulated compliance services in the property sector.

## KEY METRICS



Investment Date	Dec-18
Investment Amount	\$0.5m
Current Holding	4%
Key Personnel	<ul style="list-style-type: none"> <li>Les Szekely, Dan Szekely (EVP Team)</li> <li>Aidan Lister (Founder)</li> </ul>

## PERFORMANCE UPDATE

- Uptick was for a long time, overwhelmingly a product and engineering led organisation. The business had no sales staff and limited marketing capability at the time of the last quarterly update and the primary focus has for some time been the development of compliance and maintenance product modules.
- These new product modules are now nearing completion. Following the successful closing of a \$2m capital raise recently supported by the fund, the business is developing its sales and marketing capability needed to distribute its new products to the large asset maintenance sector.
- The company has already hired a number of sales and marketing personnel and has begun selling these products in anticipation of an official launch in the middle of 2019. Despite the product still being in development, Uptick has already signed significant licence agreements with major Australian brand names. The willingness of these organisations to make substantial financial commitments to a software product that is not yet complete is a promising indicator of a strong call to market.
- In accordance with the business plan, revenue growth is expected to be slow up until the business is able to earn revenue from new product in the middle of this year. The early traction and pre-sales support management's expectation that the business grow by in excess of 50% during the 2H2019 period alone.

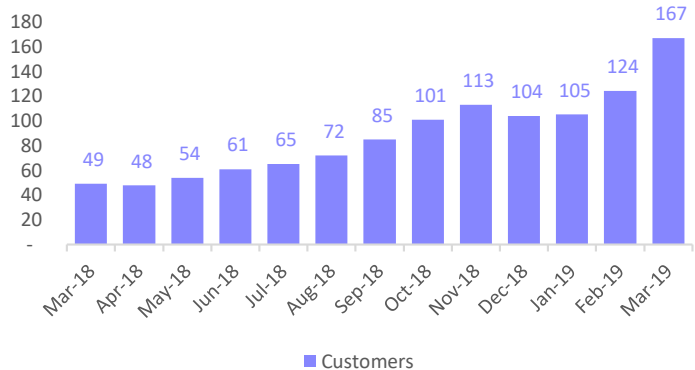




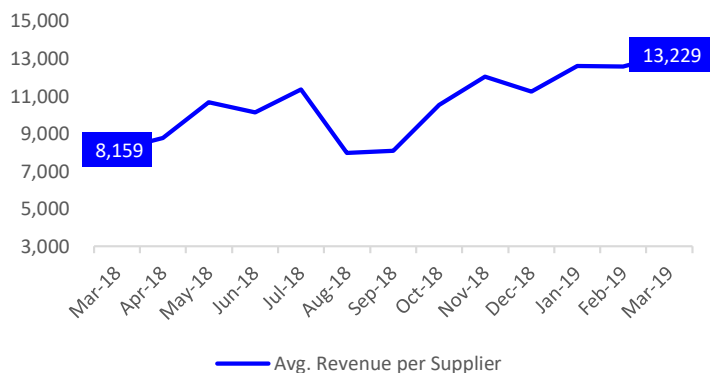
## DESCRIPTION

[Foodbomb](#) is an online marketplace connecting food service businesses with wholesale suppliers. Restaurants and Cafes use Foodbomb to search for product, compare pricing and order supplies.

## KEY METRICS



Investment Date	Feb-19
Investment Amount	\$1m
Current Holding	20%
Key Personnel	<ul style="list-style-type: none"> <li>Justin Lipman, Dan Szekely (EVP Team)</li> <li>Paul Tory, Josh Goulburn (Founders)</li> </ul>



## PERFORMANCE UPDATE

- Since closing the Fund's \$1m investment in February, Management has made a number of important hires including a Head of Sales and two additional product/engineering resources.
- The EVP investment team has, with Management's support, developed a new approach to customer analytics within the business. The bespoke reporting framework allows Foodbomb to track its progress and derive actionable insights that are already driving material improvements in acquisition, retention and customer engagement. The framework is now the backbone of managerial decision making within the organisation.
- A number of exciting partnership opportunities are emerging as Foodbomb starts to gain traction as part of the requisite technology stack for hospitality groups. This includes conversations with point of sale systems for cafes and caterers, payment solutions and food delivery platforms. These partnerships are currently being negotiated and we hope to be able to announce further details shortly.
- In the last 12 months the business has grown its customer base 3x, its monthly orders 5.5x, its monthly revenue 4x and its organisational capability to match. Whilst still in the early stage, the business is showing promising signs of significant potential.



EQUITY VENTURE PARTNERS

EVP is an early stage venture capital firm based in Sydney, Australia. We partner with exceptional founders who have the vision, talent and tenacity to build outstanding companies.

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