

## Quarterly SaaS revenue of \$683k, up 25% vs PCP

### September 2021 Quarterly Report and Appendix 4C

Fintech company 8common Limited (**8common** or the **Company**) (ASX: **8CO**), is pleased to release its consolidated quarterly cashflow and business update for the quarter ended 30 September 2021 (1Q FY22).

#### Key financial highlights for 1Q FY22 include:

- Quarterly SaaS and transaction-based revenue of \$683k, up 25% on previous corresponding period (pcp), however, decreased 5% from the record revenue realised in 4Q FY21 as the COVID lockdowns in New South Wales, ACT and Victoria impacted travel and expense activity
- Total quarterly revenue of \$784k, down 8% on the prior quarter
- \$721k in operating cash receipts and operating cash outflow of \$666k reflecting the previously disclosed investment required for GovERP and preparing for the roll out of the CardHero platform
- Completed \$3.78m equity placement (before costs) to accelerate growth from recent contract wins and new product commercialisation
- Cash balance at 30 September 2021 was \$5.6m (30 June 2021: \$3.2m)

#### Key operational highlights include:

- Expense8 selected as the exclusive solution provider of Travel and Expense Management for the Australian Government as part of the Government's Shared Services Transformation Initiative
  - Over 90 Commonwealth agencies, incorporating over 130k employees, participate in the Shared Services Program and could utilise Expense8, with another 79 Commonwealth agencies having the option to opt-in
  - 8CO currently generate a Federal Government ARPU of \$42 (\$53 pre-covid) servicing approximately 20,000 employees across 29 agencies.
- Post quarter end the Company announced the commencement of the Federal GovERP work package with a significant \$542k (inc. GST) initial contract. Revenue from the contract will be recognised in Q2 and Q3 FY22
- CardHero went live during the quarter with the first transaction processed on the platform. Post quarter end the Company announced that Life Without Barriers commenced use of CardHero in line with its staged national rollout plan.
- Woolworths Group extended its Expense8 contract for an additional two years (\$140k of revenue) and signed an option to access 8CO's integrated card payment and expense management solution CardHero
- User levels continue to increase to over 171k (up over 40% over the past 12 months)

8common CEO, Andrew Bond said "The September quarter was a solid period for the business despite the impact of COVID on travel and expense activity. Our Expense8 travel and expense management solution continues to grow in scale with over 171k users delivering significant leverage for future growth.

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“Expense8 becoming the sole GovERP panel provider for Travel and Expense Management grants 8common a significant opportunity to substantially grow our footprint within Federal Government and increase our SaaS recurring revenue over the coming years.

“We continue to fast-track our investment in developing and rolling-out CardHero and we have expanded our group-wide support resources in advance of the anticipated scale requirements and growth of the CardHero platform. Importantly we are seeing corporate customers, such as Woolworths, explore the CardHero solution and we believe this will be an avenue of significant revenue growth for the Company in coming years.

“With a strong team, robust balance sheet, growing Expense8 demand and commercial roll out of the CardHero platform, we are in a position to accelerate our growth opportunities and drive strong revenue uplift in FY22 and beyond.”

## Financial and operational review

The Company delivered quarterly SaaS revenue of \$683k, up 25% versus the previous corresponding period, but down 5% versus 4Q FY21, as the impact of COVID-19 lockdowns in New South Wales and Victoria restricted business and travel activity. With both states expected to exit lockdown during this quarter, we are expecting a normalisation in recurring revenue in the coming periods.

Total revenue for the quarter decreased by 8% over the 4Q FY21 to \$784k reflecting the fall in activity levels and slightly lower implementation revenue.

The number of users on our platforms continues to increase to over 171k (up over 40% over the past 12 months) reflecting the scale of our offering.

The previously announced \$1.6 million, three-year Life Without Barriers contract continues to progress towards full roll-out. The contract incorporates an implementation fee of \$150k and approximately \$500k per annum in transaction fees. Life Without Barriers plan to utilise CardHero+ to disburse funds and manage expenses across over 3,500 cards representing 380 disability care homes across Australia.

CardHero+ will enable a streamlined funds disbursement platform and card transaction system for Life Without Barriers. This platform will provide a seamless funds and transaction process for the end user, reducing administrative time spent on validating and reconciling transactions and streamlining the distribution of funds.

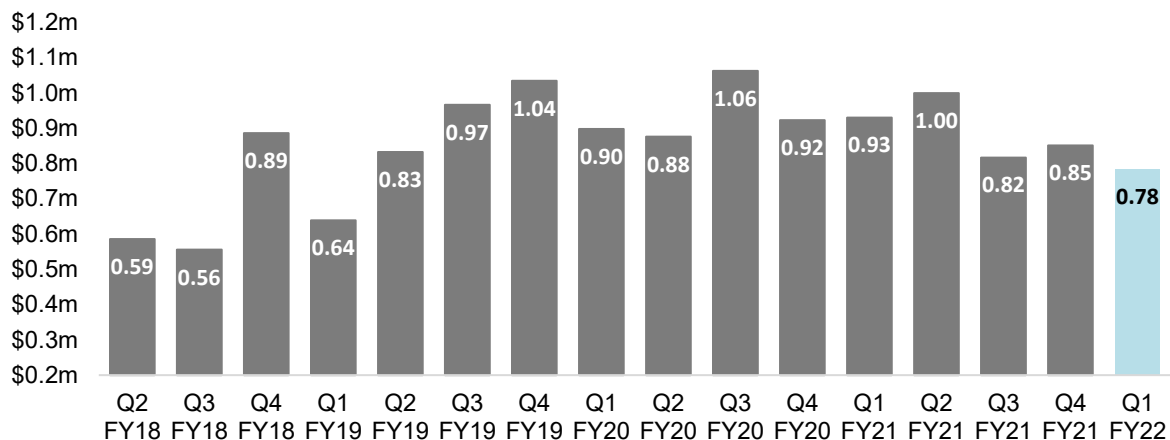
In addition to Life Without Barriers, a broader opportunity exists to provide the CardHero product to other not-for-profits NDIS service providers, resulting in a significantly wider market opportunity for the CardHero offering.

Importantly we are seeing our existing corporate clients explore the potential of CardHero. During the quarter Woolworths extended their Expense8 contract for a further two years, which included an option for CardHero, which highlights the growing corporate interest in the CardHero platform.

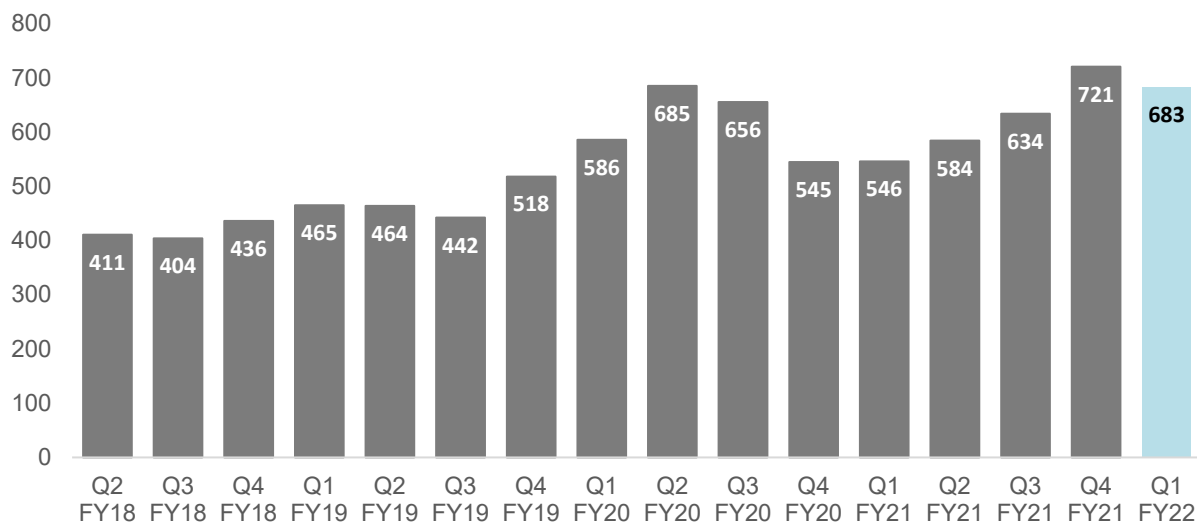
The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$1,387k for the quarter, up from \$1,170k in the previous quarter given the increase in investment in CardHero and other corporate costs during the June quarter.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$98k during the quarter (see section 6 of the Appendix 4C). No other payments were made to any related parties or their associates of the entity.

## Total revenue

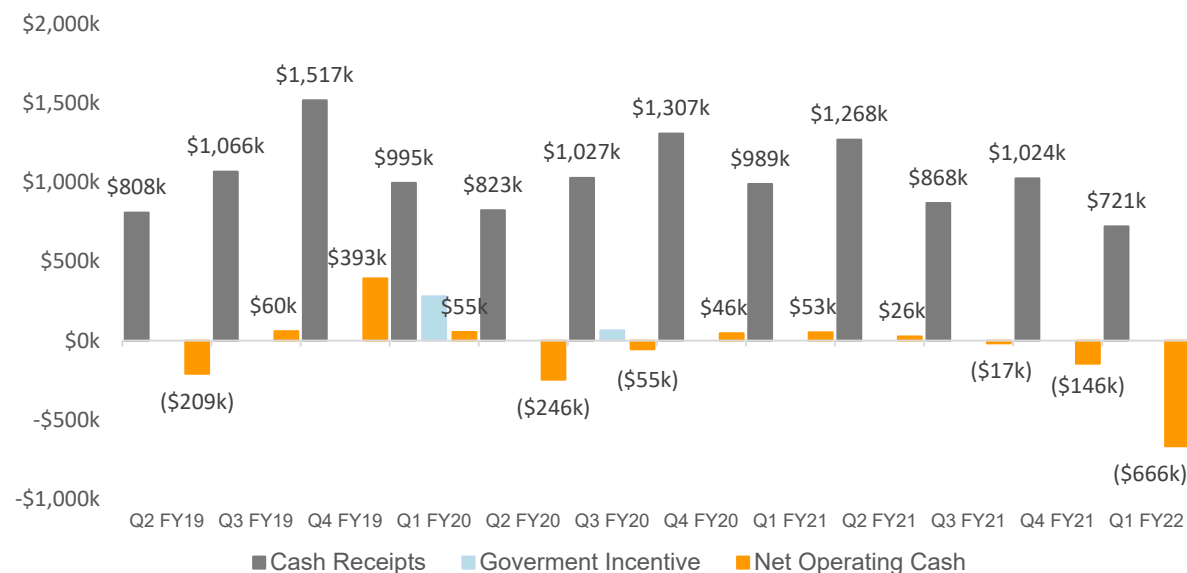


## Recurring SaaS & Transaction revenue



The Company generated a net operating cash outflow of \$666k for Q1 FY22, reflecting the investment in the roll out of the CardHero platform. The company has a strong cash position of \$5.6 million as at 30 September 2021.

## Cash Flow performance



## Capital Raise

During the quarter, 8CO issued 21,000,000 shares at an issue price of A\$0.18 per share to raise \$3.78m before costs (the Placement) from a number of high quality institutional and sophisticated investors (ref ASX release 3 August 2021). The funds raised will help 8CO accelerate its growth from recent contract wins and new product commercialisation. The issue price of A\$0.18 per share represented a 5% discount to the last traded price of \$0.19 per share prior to the placement. The Placement was strongly supported and the new shares issued represented approximately 10% of the existing company's shares on issues and was undertaken within the Company's existing capacity under ASX Listing Rule 7.1.

## Outlook

The Company has a significant pipeline of potential revenue growth via the implementation of its technology solutions across State, Federal, Not-for-profit and Corporate clients. GovERP provides the opportunity for rapid growth within the Federal Government sector in coming years with the potential to deliver transformative revenue increases for the Company.

The CardHero and CardHero+ products are a significant engine of growth and will further expand the client and revenue footprint of the Company.

With a dedicated team, robust financials and strong pipeline of Expense8 and CardHero growth opportunities, the Company has established a solid platform for continued growth into FY22 and beyond.

## Further information

### Corporate

Nic Lim  
[nic@8common.com](mailto:nic@8common.com)  
 Executive Chairman

### Investors

Craig Sainsbury  
[craig.sainsbury@marketeye.com.au](mailto:craig.sainsbury@marketeye.com.au)

## About 8common Limited

# 8common

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8common (ASX:8CO) solutions deliver enterprise grade financial transaction processing for government entities and large enterprise businesses. Its flagship Expense8 platform is a leading pureplay provider of end to end travel expense management software, card application and management. The innovative software solutions improve organisation, productivity, incorporate company organisational policies and expense auditing to reduce fraud. Expense8 by 8common was named a Major Player in the IDC MarketScape: Worldwide SaaS and Cloud-Enabled Travel and Expense Management Applications 2019 Vendor Assessment.

Its new product CardHero (pre-paid card fund distribution) delivers a closed loop solution to support regulated, large network and high volume requirements. 8common specialises in large enterprise and government segments.

Its growing client base of more than 166,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 158 state and federal government entities. For more information, visit <https://www.8common.com/>

## Appendix 4C

# Quarterly cash flow report for entities subject to Listing Rule 4.7B

## Name of entity

8common Limited

## ABN

51 168 232 577

## Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	721	721
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(22)	(22)
(d) leased assets		
(e) staff costs	(542)	(542)
(f) administration and corporate costs	(823)	(823)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(666)</b>	<b>(666)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property	(516)	(516)
(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment		
	(j) investments		
	(k) intellectual property		
	(l) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(516)</b>	<b>(516)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,780	3,780
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	5	5
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(195)	(195)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,590</b>	<b>3,590</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,223	3,223
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(666)	(666)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(516)	(516)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,590	3,590

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>5,631</b>	<b>5,631</b>

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,631	3,223
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,631</b>	<b>3,223</b>

### 6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

### Current quarter \$A'000

98

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Relates to payment of Director wages and Director fees for the quarter.



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7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter end**

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(666)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,631
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	5,631
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	8.4

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: .....29 October 2021.....

Authorised by: .....Board of Directors.....

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.