

ASX Release

21 January 2022

## Quarterly SaaS revenue up 19% vs PCP

### December 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 31 December 2021 (2Q FY22).

#### Key financial highlights for 2Q FY22 include:

- Quarterly SaaS and transaction-based revenue of \$695k, up 19% on the previous corresponding period (pcp) as activity levels in New South Wales, ACT and Victoria initially started to normalise after the impact of COVID-19 lockdowns and travel restrictions.
- \$1,029k in operating cash receipts and operating cash outflow of \$311k reflecting the continued investment in to CardHero and expenditure associated with the early work packages of the GovERP project work
- Annualised Recurring SaaS and transaction Revenue (ARR) of c.\$2.8million at 31 December
- Annualised ARPU for the quarter of \$17, an 11% increase on 1Q FY22
- Total quarterly revenue of \$1,007k, flat on the previous corresponding period (pcp) (2QFY21) but up 29% versus the prior quarter
- Cash balance at 31 December 2021 was \$4.9m (30 September 2021: \$5.6m) leaving 8CO well positioned to accelerate growth initiatives in CY22

#### Key operational highlights include:

- The commencement of the Federal GovERP work package and signing of two contracts (one post quarter end) with a cumulative value of over \$1.4 million (inc-GST). Revenue from the contracts will be recognised in Q3 and Q4 FY22 with the associated SaaS transaction and recurring revenue commencing in 1H FY23
- CardHero went live during the quarter with the first customer transactions processed on the platform with Life Without Barriers commencing use of CardHero in line with its staged national rollout plan.
- User levels continue to increase to over 173k (up over 17% over the past 12 months)

	2QFY21	1QFY22	2QFY22	% Change (vs pcp)
<b>Total Revenue (\$Ak)</b>	1,000	784	1,007	0%
<b>SaaS &amp; Transaction Revenue (A\$k)</b>	584	683	695	19%
<b>Number of users (k)</b>	148	171	174	17%
<b>ARPU – Federal Government (A\$)</b>	36.37	30.27	36.17	(0.5%)
<b>ARPU – Total (A\$)</b>	16.94	15.28	17.02	0.5%

8common CEO, Andrew Bond said “The strong recurring revenue growth during the quarter reflects our strong user growth and the increased penetration of Expense8 as a leading travel and expense management platform across Federal and State Governments and large enterprises, as well as the return of business activity post the COVID lockdowns in NSW, ACT and Victoria.

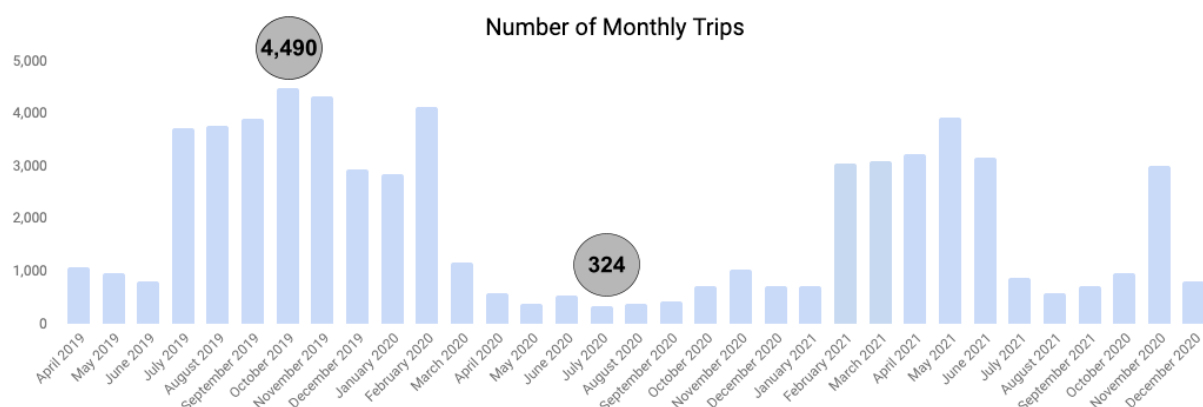
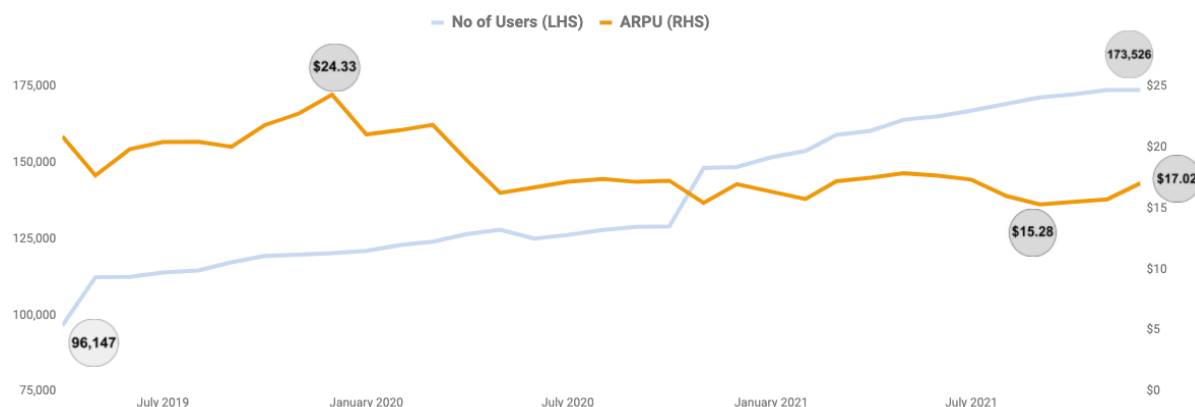
"We continue to fast-track our product investment and we have expanded our group-wide support resources to support the anticipated growth of the CardHero platform and the GovERP program. With an additional 63 mandated entities and over 110k users to onboard to Expense8 in coming years (not including the opt-in entities), the GovERP program represents a significant driver of revenue growth and shareholder value, having already received \$1.4m in contracts to deliver the accelerated capability.

"We now have 2 highly valuable and complementary lines of business. The combination of Expense8 with the Federal GovERP mandate and having Cardhero live and well received by its target market positions us very well for the remainder of FY22 and beyond."

## Financial and operational review

The Company delivered quarterly SaaS revenue of \$695k, up 19% versus the pcq, as business activities started to normalise after the impact of the COVID lockdowns and travel restriction in New South Wales, ACT and Victoria. Total revenue of \$1,007k for the quarter increased compared to the last quarter, and was steady versus the pcq.

The number of users on our platforms continue to increase to over 173k (up over 17% over the past 12 months) reflecting the scale of our offering.



The previously announced \$1.6 million, three-year Life Without Barriers commenced during the quarter in line with the staged national rollout plan. 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. The contract incorporates an implementation fee of \$150k and approximately \$500k per annum in transaction fees. During the quarter CardHero contributed \$13.5k to recurring SaaS and

transaction revenue (\$73.5k to total revenue). Revenue levels will grow considerably in coming quarters as the Life Without Barriers rollout plan progresses.

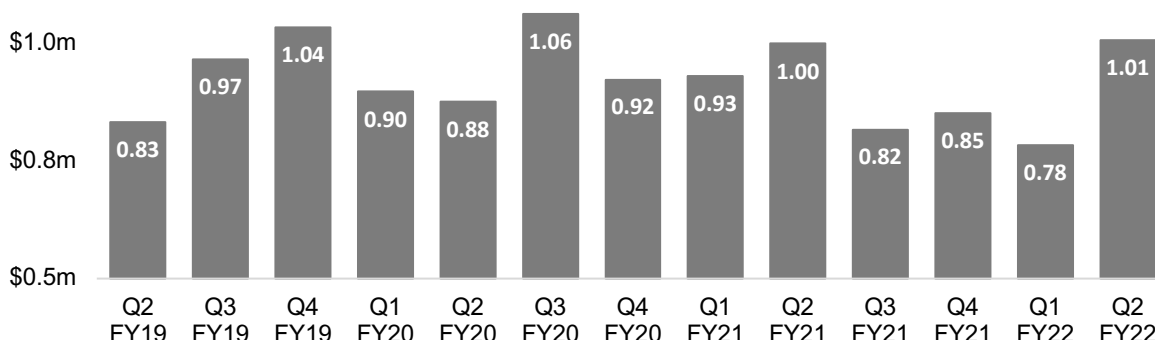
In addition to Life Without Barriers, a broader opportunity exists to provide the CardHero product to other not-for-profits NDIS service providers, resulting in a significantly wider market opportunity for the CardHero offering. Importantly, we are also seeing our existing corporate clients explore the potential of CardHero.

Post quarter end, the Company received a significant \$752k (inc-GST) contract from the Australian Government under the GovERP program. Total value of signed contracts to date under the GovERP is over \$1.4 million (inc-GST). The contract covers two streams which consists of upgrading seven existing customer entities to the GovERP version of Expense8 and the pre-onboarding consultation for eight new entities. This collectively incorporates over 10,500 users, on to the GovERP version of the Expense8 travel & expense management platform (of which more than half are new users).

The GovERP platform enables the selection of Expense8 under a pre-selected panel of service providers. Expense8 is the exclusive provider under the Travel and Expense Management Value Stream for the Shared Services Program which includes over 150k employees across 90 mandated and 68 opt-in Government Entities (i.e. 158 entities in total).

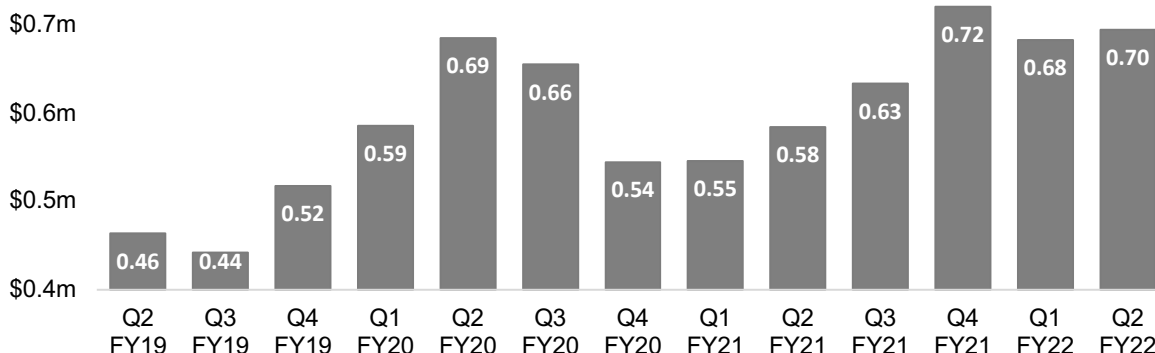
#### Total revenue

\$1.3m



#### Recurring SaaS & Transaction revenue

\$0.8m



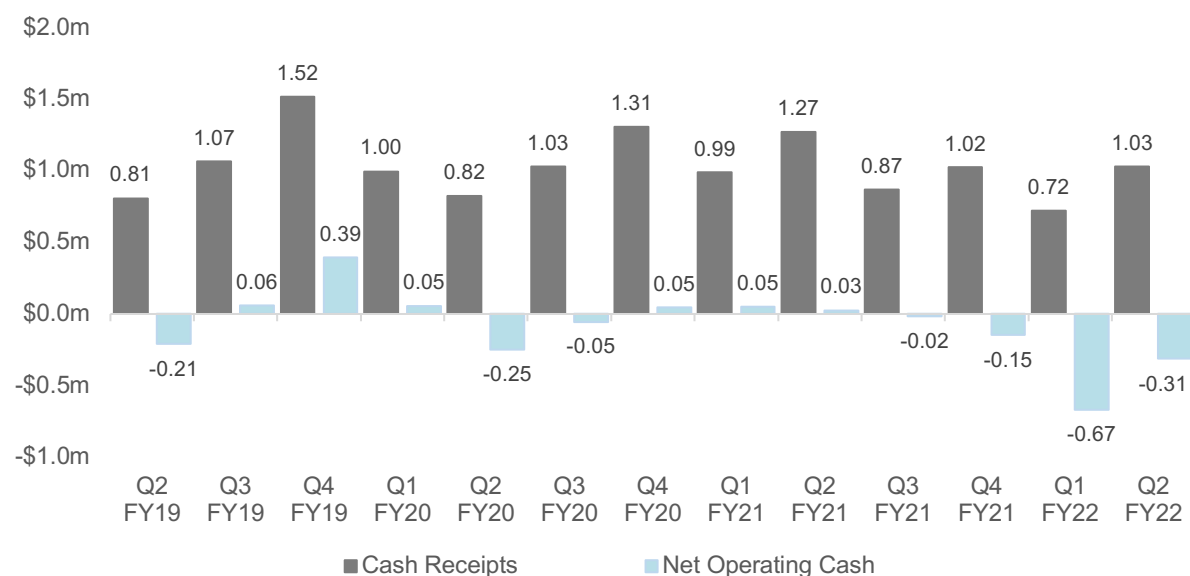
The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$872k for the quarter, up from \$823k in the previous quarter given the increase in investment in CardHero, the GovERP rollout and other corporate costs during quarter.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$73k 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.

The Company generated a net operating cash outflow of \$311k for Q2 FY22, reflecting the investment in the GovERP program and in the roll out of the CardHero platform.

The company has a strong cash position of \$4.9 million as at 31 December 2021.

### Cash Flow performance



### 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 over the remainder of 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 (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 173,000 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")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,030	1,751
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(22)	(44)
(d) leased assets		
(e) staff costs	(447)	(989)
(f) administration and corporate costs	(872)	(1,695)
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>(311)</b>	<b>(977)</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	(420)	(936)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets		
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)		
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(420)</b>	<b>(936)</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
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	-	5
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(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)		
3.10	<b>Net cash from / (used in) financing activities</b>	<b>-</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	5,631	3,223
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(311)	(977)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(420)	(936)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,590
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,900</b>	<b>4,900</b>

5.	Reconciliation of cash and cash equivalents 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	4,900	5,631
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>4,900</b>	<b>5,631</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
73

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.



## 7. Financing facilities

*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.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

## 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. Estimated cash available for future operating activities

\$A'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(311)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,900
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	4,900
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	15.7

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

1. 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

2. 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

3. 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: .....21 January 2022.....

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.