

GovERP and CardHero to drive revenue growth

Fintech company 8common Limited (**8common** or the **Company**) (ASX: **8CO**), is pleased to release its financial results for the six months ended 31 December 2021 (1HFY22).

Half Year Highlights:

- Recurring SaaS and transaction-based revenue of \$1,378k, a 22% increase over the previous corresponding period (pcp, 1HFY21) as business and travel activity returned post impacts of COVID
- Total revenue of \$1,883k with operating cash receipts of \$1,750k. The Company delivered a net operating cashflow outflow of \$977k as the company invested in major growth initiatives of CardHero and the GovERP work packages
- Annualised Recurring SaaS and transaction Revenue (ARR) of c.\$3million at 31 December 2021
- Positive ARPU momentum with \$16.12 in 1HFY22 and \$17.02 recorded in the month of December. Federal Government ARPU averaged \$32.81 in 1HFY22, up 15% vs pcp
- The commencement of the Federal GovERP work package and signing of two contracts (one post period 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 period with the first transaction 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 12% over the past 12 months)
- Cash balance at 31 December 2021 was \$4.9m leaving 8CO well positioned to accelerate growth initiatives in CY22

SUMMARY FINANCIAL RESULTS	PERIOD TO 31 DECEMBER			
	2021	2020	CHANGE	
	\$	\$	\$	%
Revenue from SaaS (subscription and transaction)	1,377,781	1,130,326	247,455	22%
Other revenue from continuing operations	505,387	800,986	(295,599)	(37%)
Government incentives (Cashflow boost and R&D grant)	-	50,000	(50,000)	(100%)
Total Revenue	1,883,168	1,981,312	(98,144)	(5%)
Total Expenses (inc Cost of services)	2,809,321	2,340,142	(469,179)	20%
Adjusted EBITDA ¹	(668,564)	(229,802)	(438,762)	(191%)
EBITDA	(774,643)	(249,991)	(524,652)	(210%)
Loss for the period	(926,153)	(358,830)	(567,323)	(158%)
Operating cashflow	(977,375)	78,618	(1,055,993)	(1,343%)
Cash and cash equivalents	4,899,687	4,049,482	850,205	21%

¹ Adjusted EBITDA: \$106,079 for non cash Employee Share Option expense added back.

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8common CEO, Andrew Bond said “The strong growth in user numbers and recurring revenue growth during the period reflects Expense8’s position as leading travel and expense management platform across Federal and State Governments and large enterprises.

“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 deed represents a significant driver of revenue growth and shareholder value. CardHero continues to be rolled out with Life Without Barriers and will generate significant revenue growth in the second half of the year. We are also experiencing strong incoming demand for the CardHero product.

“With two rapidly growing business streams in Expense8 and CardHero, we are well placed to offer and expanded solution suite to our growing customer based, leaving the Company well positioned for further growth for the remainder of FY22 and beyond.”

Financial and Operational Performance

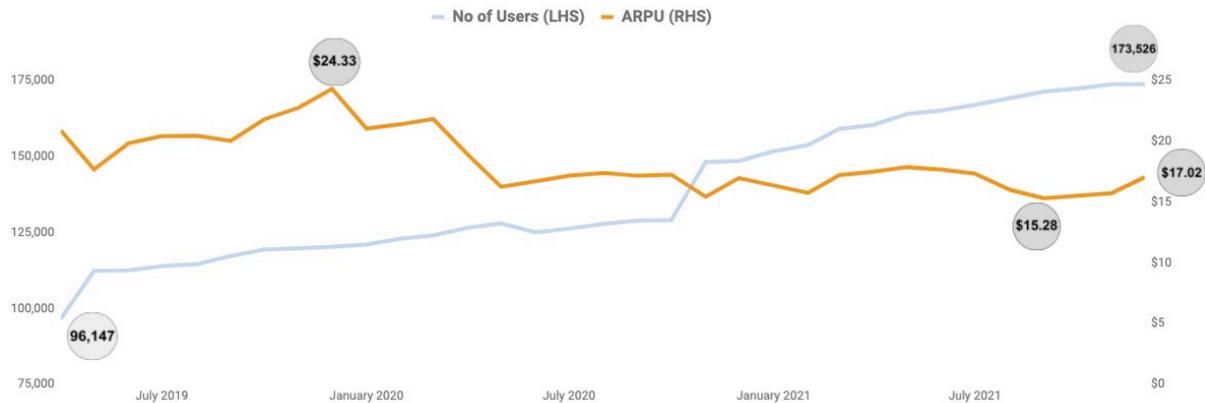
For the half year ended 31 December 2021, total revenue for the Group was \$1,883,168, whilst SaaS revenue grew 22% to \$1,377,781. The Group incurred an operating loss after tax of (\$926,153) which included a non cash Employee Share Option expense of \$106,079. EBITDA for the period was (\$774,643) and an Adjusted EBITDA (excluding employee share option expense) was (\$668,564).

The strong recurring and transaction revenue growth during the period reflects the increased penetration of Expense8 as leading travel and expense management platform across Federal and State Governments and large enterprises. The return of business activity post the COVID lockdowns in NSW, ACT and Victoria has seen a rebound in revenue levels for the business, seeing growth in transactions, trips and user levels. Key operational highlights during the half 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.
- Commencement of the Federal GovERP work package and signing of two contracts (one post period 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 with the first transaction processed on the platform. Post period end the Company announced that Life Without Barriers commenced use of CardHero in homes, in line with its staged national rollout plan

Key KPI highlights for six months to 31 December

KPI	2021	2020	Change
SaaS Revenue	1,377,781	1,130,326	22%
Users	173,526	148,358	12%
Card Transactions	1,147,080	990,290	16%
Trips	6,904	3,593	92%



Strong Balance sheet to fund growth

The Company has a total cash balance of \$4.9 million as at 31 December 2021. 8common is well funded to progress with the roll out of CardHero, product developments and is well-positioned to assess opportunities for strategic acquisitions of related and complimentary products.

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.

Approved for release by the Board of Directors.

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Further information

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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 (prepaid card fund distribution) delivers solutions to support regulated, large network and high-volume requirements. CardHero helps boost compliance with smart rules and spend controls at an organisation and user level.

Its growing client base of more than 173,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 168 state and federal government entities. For more information, visit <https://www.8common.com/>