

ASX Release

22 April 2022

Record Monthly SaaS Revenue in March 2022

March 2022 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 March 2022 (3Q FY22).

Key financial highlights for 3Q FY22 include:

- Quarterly SaaS and transaction-based revenue of \$714k, up 12.7% on the previous corresponding period (pcp) which included a monthly all-time high of \$248k in March 2022
- Total revenue of \$1,095k, up 31% versus pcp driven by implementation revenue from GovERP work packages
- Strong recovery in trip numbers and travel activity as business travel returned with international borders re-opening on 21 February 2022.
- \$1,024k in cash receipts and operating cash outflow of \$551k reflecting the continued investment in CardHero which will complete by the current quarter and expenditure associated with the early work packages of the GovERP project work
- Annualised Recurring SaaS and transaction Revenue (ARR) of c.\$3.0million at 31 March 2022
- Average ARPU for the quarter of \$16.2. ARPU is expected to grow in coming periods driven by a return to normalised business conditions and continued growth in users
- Cash balance at 31 March 2022 was \$3.8m (31 December 2021: \$4.9m) providing sufficient capital for 8CO to continue executing on growth strategies

Key operational highlights include:

- Ongoing rollout of the Federal GovERP work packages which to date have a cumulative value of over \$1.4 million (inc-GST). Implementation revenue from the contracts will continue to be recognised in Q4 FY22 with the associated SaaS transaction and recurring revenue commencing in 1H FY23
- Agreement with Westhaven, a not-for-profit, community-based charity supporting communities with disabilities and NDIS (National Disability Insurance Scheme) provider for both CardHero and Expense8 solutions
- Contract Extension and upgrade with Federal Department of Industry, Science, Energy and Regulation (DISER) signed post end of the period with a 1 year TCV of \$384k inc GST. The extension is an upgrade on the current contract and includes the addition of new modules such as travel and GovComply modules
- Contract extension with long term customer, Rabobank, post end of period, for a further 3 years

	3QFY21	2QFY22	3QFY22	% Change (vs pcp)
Total Revenue (\$Ak)	835	1,007	1,095	+31.1%
SaaS & Transaction Revenue (\$k)	634	695	714	+12.6%
Number of users (k)	164	174	177	+7.9%
ARPU – Federal Government (A\$)	\$36.68	\$32.24	\$32.39	-12.0%
ARPU – Total (A\$)	\$16.39	\$16.06	\$16.18	-1.2%

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8common CEO, Andrew Bond said “The all-time high monthly SaaS revenue of \$248k generated in March, coinciding with the return of travel and business activity, are important milestones for the Company. We are very well positioned to deliver strong SaaS revenue growth with increasing Expense8 users driven by GovERP and the CardHero expansion with the customers such as Life Without Barriers rollout and Westhaven.”

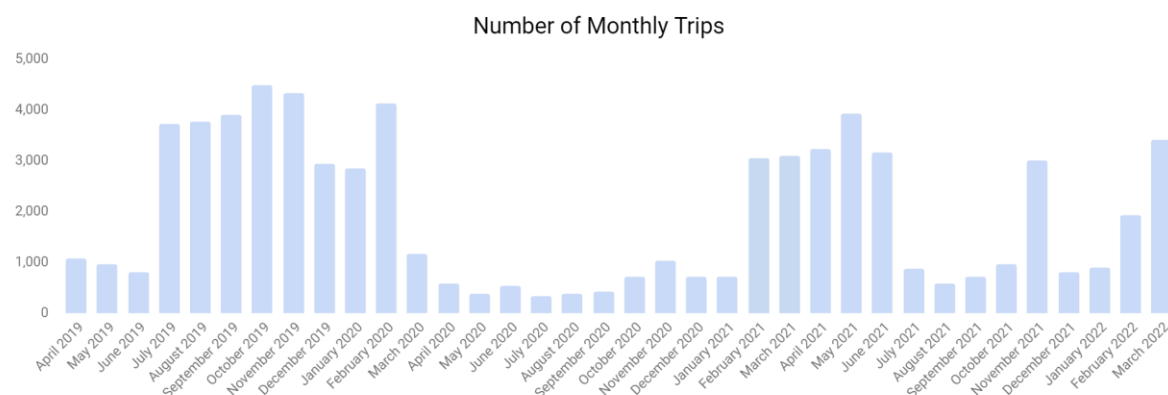
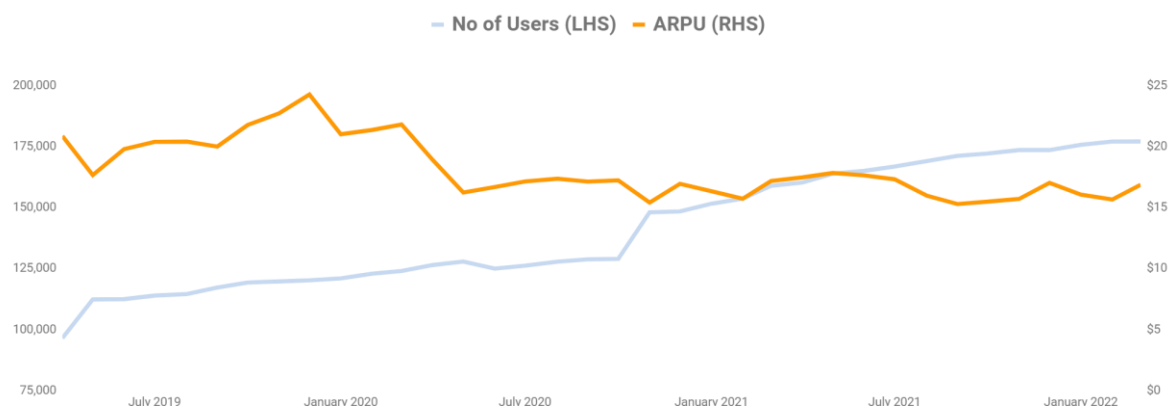
“We are at the tail-end of our product investment for the current cycle which will see project based spending decrease by the end of the current quarter. The expansion of group-wide support resources to cater for the growth associated with the CardHero and GovERP programs will continue. With an additional 63 mandated entities and over 110k users to onboard to Expense8 in coming years (not including the opt-in entities), the GovERP work package represents a significant driver of revenue growth and shareholder value.

“We remain well funded to drive the implementation of GovERP and roll out of CardHero and we expect both to deliver considerably to our revenue growth across the remainder of FY22 and beyond.”

Financial and operational review

The Company delivered quarterly SaaS revenue of \$714k, up 13% versus the pcp, with total revenue for the quarter of \$1,095k.

The number of users on our platforms continues to increase to over 177k (up over 8% over the past 12 months) reflecting the scale of our offering.



During the quarter, 8CO signed its second CardHero contract with not-for-profit community-based charity, Westhaven Limited. The contract is for an initial 3 years (with an option for a 2-year extension) for the provision of 8common's CardHero integrated card payment solution, including the Company's leading expense management solution, Expense8.

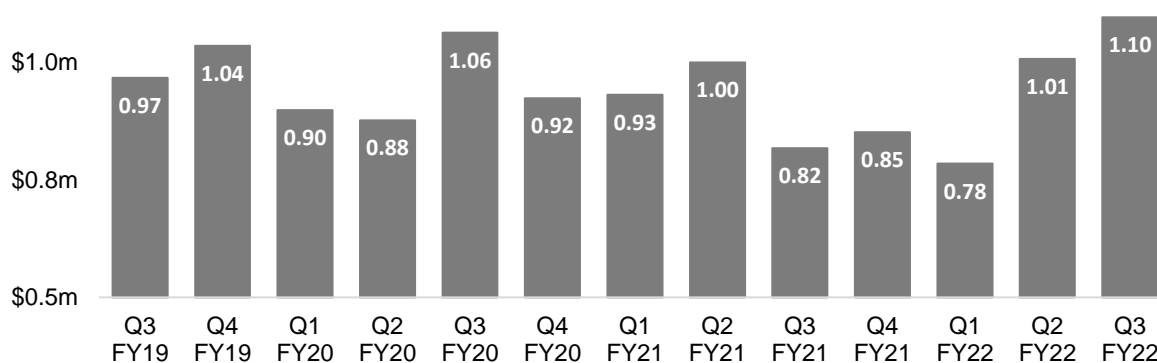
The rollout of CardHero with its inaugural customer, Life Without Barriers remains on track. The contract incorporates an implementation fee of \$150k and approximately \$500k per annum in transaction fees.

During the quarter CardHero contributed \$23k of recurring SaaS and transaction revenue out of \$714k total SaaS and transaction revenue for the quarter. Revenue levels will grow considerably in coming quarters as the Life Without Barriers rollout plan progresses.

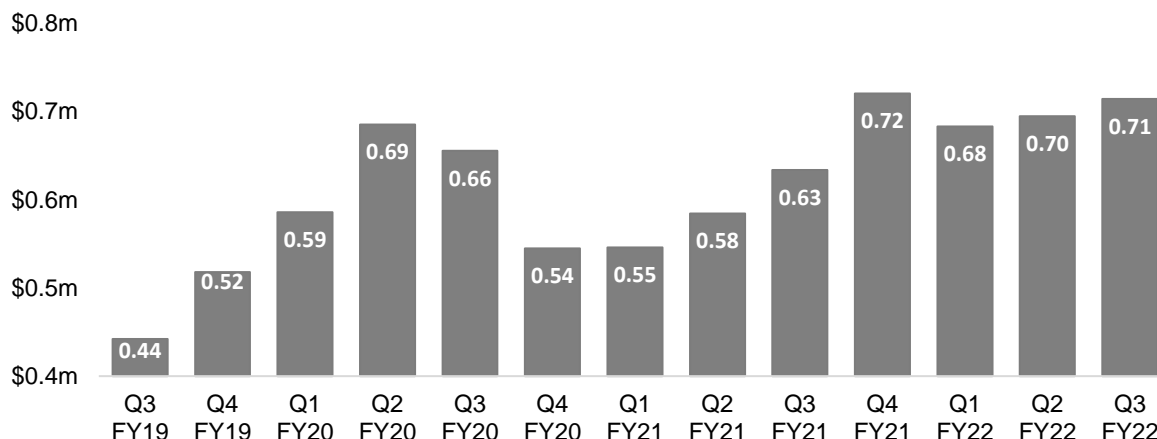
The GovERP work package continues to progress (ref ASX release 14 January 2022). The total value of signed contracts to date under the GovERP is over \$1.4 million (inc-GST) and encompasses onboarding seven existing customer entities and the pre-onboarding consultation for eight new entities onto the GovERP version of Expense8. This collectively incorporates over 10,500 users (of which more than half are new users), onto the GovERP version of the Expense8 travel & expense management platform. During the quarter approximately \$350k of implementation revenue was recorded from the GovERP work package. Recurring and SaaS transition-based revenue is expected to commence in early FY23, with 8CO currently generating a Federal Government ARPU of \$32 (was \$42 pre COVID).

Total revenue

\$1.3m



Recurring SaaS & Transaction revenue



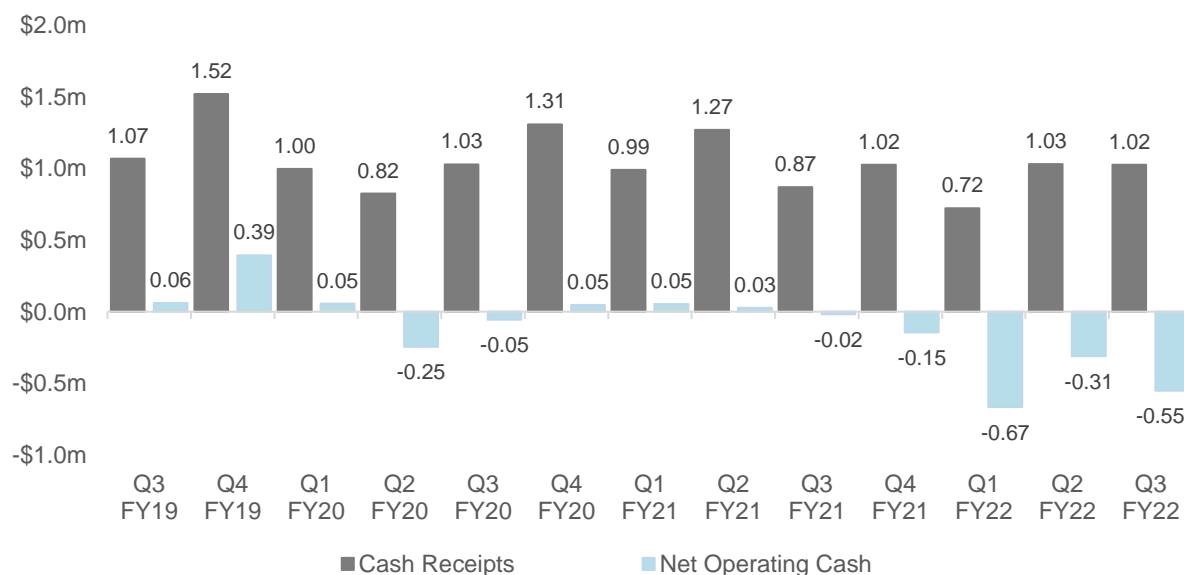
The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$1,558k for the quarter, up from \$872k in the previous quarter given the increase in investment in CardHero, the GovERP rollout and other corporate costs during quarter.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$95k 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 \$551k for Q3 FY22 due to the investment associated with the development of CardHero and implementation costs associated with the Federal GovERP work package.

The company has a strong cash position of \$3.8 million as at 31 March 2022.

Cash Flow performance



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Outlook

The Company continues to expand its presence amongst government and large enterprises, reflected in the increasing number of users across our two solution platforms. With a growing presence within Federal Government via the GovERP initiative, the Company is positioned to drive a significant uplift in SaaS revenue from early FY23 onwards.

The CardHero and CardHero+ products are a significant engine of growth and will further expand the client and revenue footprint of the Company. The signing of our second CardHero customer reflects the scalability of the solution and we anticipate CardHero will continue to attract further entities in the coming periods.

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
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Executive Chairman

Investors

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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 (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 177,000 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 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,024	2,775
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(17)	(60)
(d) leased assets	-	-
(e) staff costs	(527)	(1,516)
(f) administration and corporate costs	(1,031)	(2,727)
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)	-	-
1.9 Net cash from / (used in) operating activities	(551)	(1,528)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(588)	(1,524)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	Net cash from / (used in) investing activities	(588)	(1,524)

3.	Cash flows from financing activities		
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	Net cash from / (used in) financing activities	-	3,590

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,900	3,223
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(551)	(1,528)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(588)	(1,524)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	Cash and cash equivalents at end of period	3,761	3,761

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	3,761	4,900
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,761	4,900

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
95
-

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. 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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

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

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)	(551)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,761
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,761
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6.8

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:22 April 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.