

Record quarterly SaaS revenue and ARR of \$3.5m

June 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 30 June 2022 (4Q FY22).

Key financial highlights for 4Q FY22 include:

- Record quarterly transaction and recurring SaaS revenue of \$832k, up 15% on the previous corresponding period (pcp) which was \$714k. This includes a monthly all-time high of \$297k in June
- Total revenue for Q4 FY22 of \$1.6 million (up +44% versus Q3 FY22) as the Company continues to generate implementation revenues associated with the roll out of the GovERP work package
- The large level of implementation revenues in Q4 FY22 will lead to ongoing transaction and recurring SaaS revenue from FY23 onwards
- The return of travel activity continues with a record of over 15,000 trips in the quarter, significantly higher than the 6,236 trips in Q3 FY22
- Annualised Recurring SaaS and transaction Revenue (ARR) of c.\$3.6 million at 30 June 2022
- June 2022 ARPU of \$19.54 is the highest level seen since the pre-pandemic levels of ~\$20 in March 2020
- Net cash outflow from operations for Q4 FY22 of \$124k, an improvement on the prior quarter as the company increased revenue through the GovERP rollout.
- CardHero development costs have decreased and are expected to shrink further as implementations and on-boarding activities grow
- Cash balance at 30 June 2022 was \$3.25m (31 March 2022: \$3.76m) providing sufficient capital for 8CO to continue executing on growth strategies

Key financial highlights for FY22 include:

- Transaction and recurring SaaS revenue of \$2.9 million, up 18% on FY21
- Total revenue of \$4.5million, up 25% versus FY21

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).
- CardHero has gone live with Westhaven in May (ref ASX 23 March 2022) with first transactions recorded. CardHero provides a second revenue stream for 8CO with a strong outlook as not-for-profits, corporates and government agencies look to a solution for their fund distribution requirements.

	4QFY21	3QFY22	4QFY22	% Change (vs pcp)
Total Revenue (\$Ak)	852	1,095	1,585	86.2%
SaaS & Transaction Revenue (A\$k)	721	714	832	15.5%
Number of users (k)	166	177	182	9.7%
ARPU – Federal Government (A\$)	42.9	32.3	43.3	0.9%

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ARPU – Total (A\$)	17.6	16.2	18.6	5.7%
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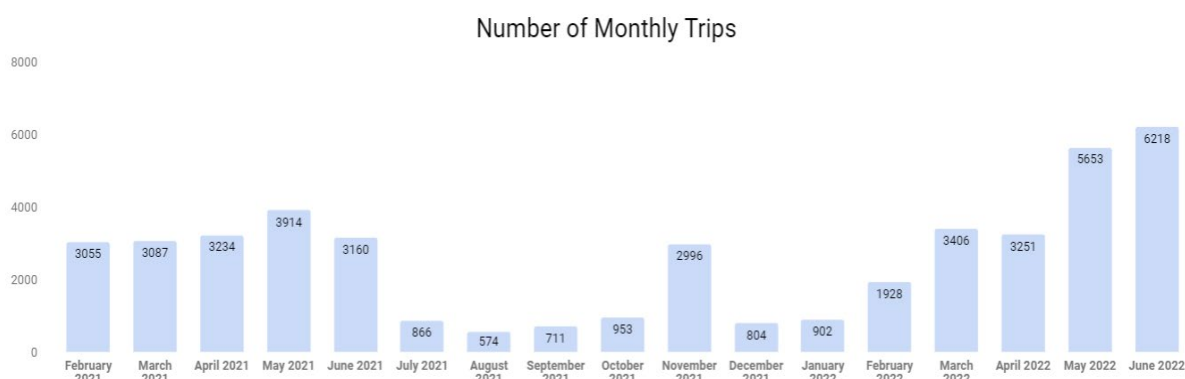
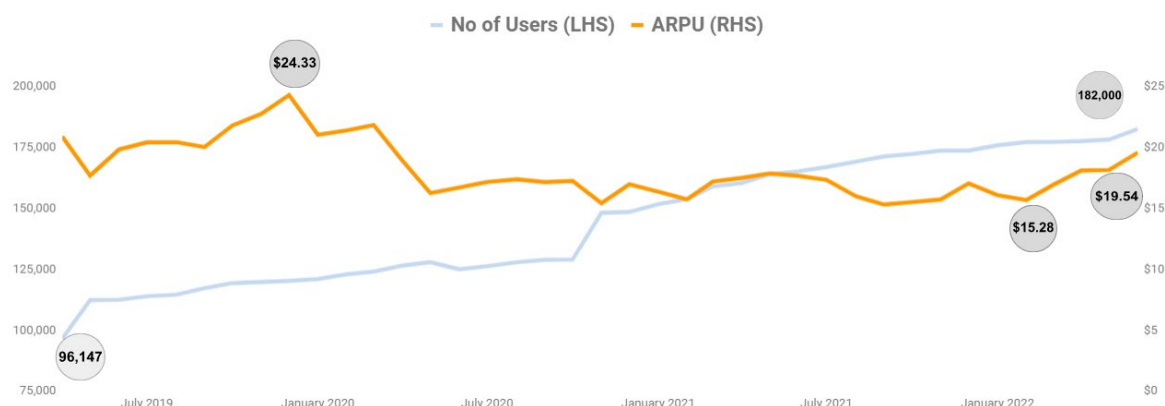
8common CEO, Andrew Bond said “The record quarterly transaction and recurring SaaS revenue of reflects the growing scale of our Expense8 and CardHero products amongst large enterprise, not for profits and state and Federal government. With user numbers expected to increase materially in coming months as the first entities under the GovERP work program go live early in FY23, we are set to deliver further increases in our transaction and recurring SaaS revenue in FY23 and beyond. With a solid balance sheet, growing Expense8 demand and the rollout of the CardHero platform, we are expecting further strong growth in FY23 and beyond.”

Financial and operational review

The Company delivered record quarterly transaction and recurring SaaS revenue of \$832k, up 15% on the previous corresponding period (pcp).

The number of users on our platforms continues to increase to over 182k reflecting the scale of our offering. Importantly, the lift in user numbers has been matched by a lift in ARPU. June 2022 ARPU of \$19.54 is the highest level seen since the pre-pandemic levels of ~\$20 in March 2020. The combination of growing user numbers and rising ARPU bodes well for future revenue growth.

The return of travel activity continues with over 6,200 trips recorded in the month of June alone, almost exceeding the entire Q3 FY22 total trips of 6,236. Travel activity is a high revenue per user event and the continuation of the return to travel delivers positive momentum to the business.



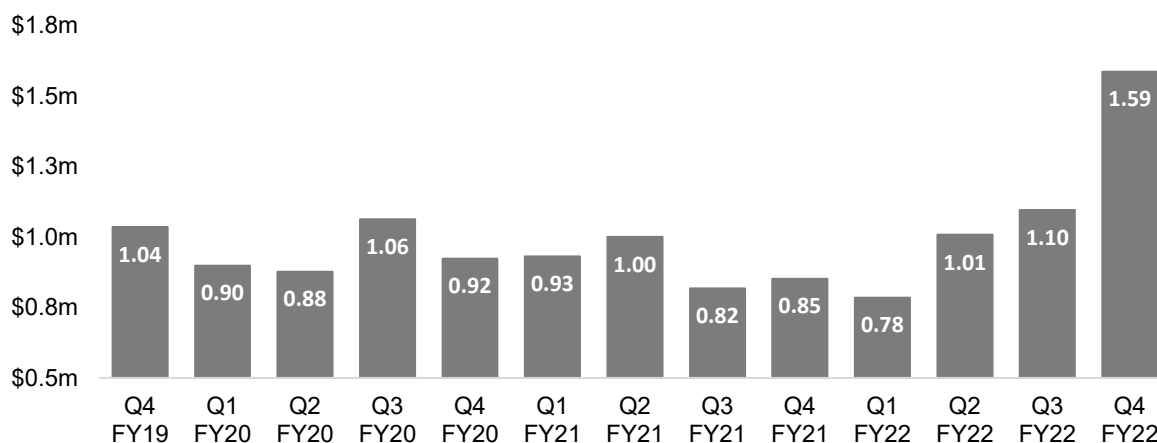
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The rollout of CardHero with its inaugural customer, Life Without Barriers continues to remain on track, in tandem with the Westhaven roll out. During the quarter CardHero contributed \$23k to recurring SaaS and transaction revenue out of \$832k total transaction and recurring SaaS revenue. Revenue levels will grow considerably in coming quarters as the Life Without Barriers rollout plan progresses.

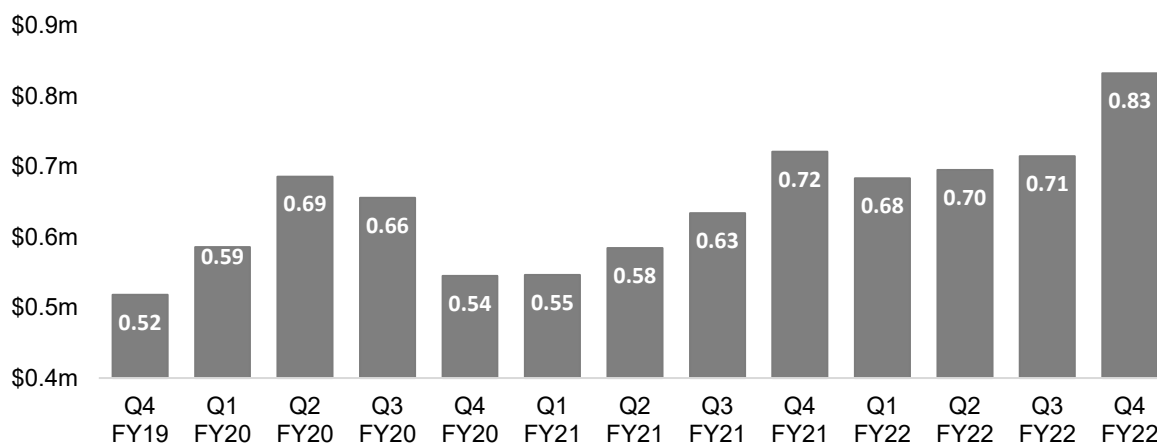
During the quarter CardHero went live with Westhaven (ref ASX 23 March 2022) with first transactions recorded. CardHero provides a second revenue stream for 8CO with a strong outlook as not-for-profits, corporates and government agencies look to a solution for their fund distribution requirements.

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, onto the GovERP version of the Expense8 travel & expense management platform. During the quarter approximately \$627k 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 \$47.45 in June 2022.

Total revenue



Recurring SaaS & Transaction revenue



The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$1,637k for the quarter, up from \$1,031k in the previous quarter given the increase in investment in CardHero, the GovERP rollout and other corporate costs during quarter.

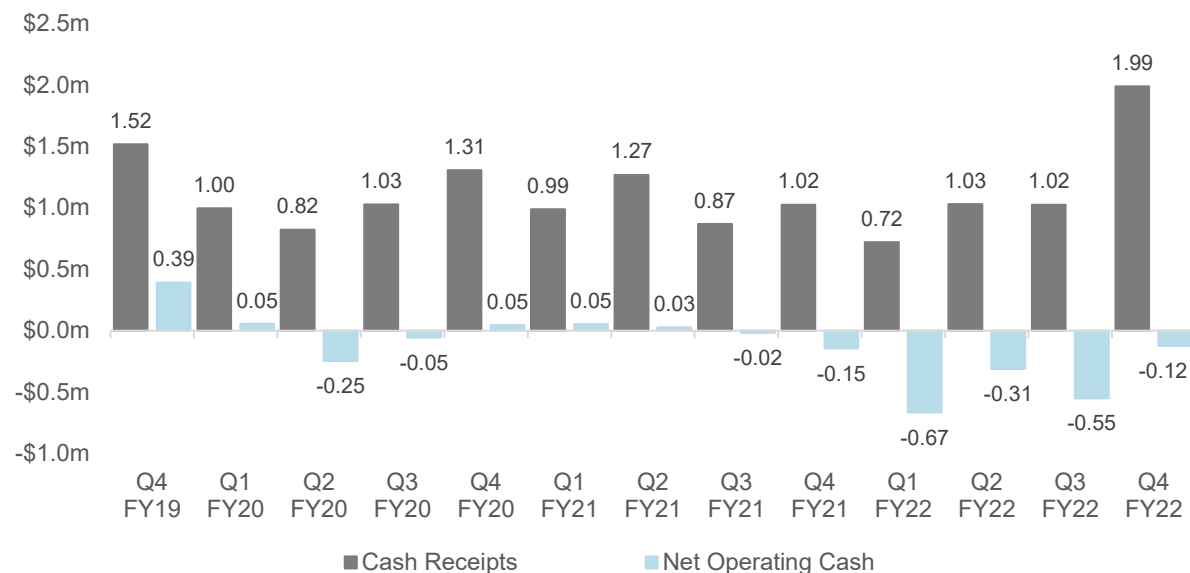
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Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$93k during the quarter (see section 6 of the Appendix 4C). No other payments were made to any related parties or their associates of the entity.

The Company generated a net operating cashflow outflow of \$124k, an improvement on the prior quarter, due to the GovERP program implementation rollout.

The company has a strong cash position of \$3.25 million as at 30 June 2022.

Cash Flow performance



Outlook

The Company continues to expand its presence amongst government, not for profit and large enterprises, reflected in the increasing number of users across our two solution platforms. Increasing travel activity and a growing proportion of users on our platforms from within Federal government is anticipated to grow our ARPU over FY23 and beyond. Increasing ARPU, coupled with a growing level of users will continue to drive our track record of quarterly revenue growth.

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 FY23 and beyond.

Further information

Corporate

Nic Lim
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Executive Chairman

Investors

Craig Sainsbury
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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 182,000 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 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,988	4,762
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(17)	(77)
(d) leased assets		
(e) staff costs	(458)	(1,982)
(f) administration and corporate costs	(1,637)	(4,363)
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	(124)	(1,660)
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	(384)	(1,900)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	(f) other non-current assets		
	Proceeds from disposal of:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment		
	(j) investments		
2.3	(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	(384)	(1,900)

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	3,761	3,223
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(124)	(1,660)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(384)	(1,900)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	3,253	3,253

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	3,253	3,761
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)	3,253	3,761

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

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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.

- 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

-

- 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)	(124)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,253
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,253
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	26.2

- 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:18 July 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.