

ASX Release

26 October 2022

Record SaaS & Transaction Revenue, Users Grow to Over 183k

September 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 September 2022 (1Q FY23).

Key financial highlights for 1Q FY23 include:

- Record quarterly transaction and recurring SaaS revenue of \$894k, up 31% on the previous corresponding period (pcp)
- ARPU of \$19.60, up 20% vs PCP and the highest figure since pre pandemic levels
- Federal Government ARPU >\$51 in the month of September an important indicator given the growing number of federal government users to be on-boarded under the GovERP program
- Total revenue for 1Q FY23 of \$1.2 million up 43% vs pcp
- Annualised Recurring SaaS and transaction Revenue (ARR) of c.\$3.7 million at 30 September 2022
- Net cash outflow from operations for 1Q FY23 of \$470k
- Cash balance at 30 September 2022 was \$2.5m (30 June 2022: \$3.25m) providing sufficient capital for 8CO to continue executing on growth strategies

Key operational highlights include:

- Signed significant \$575k inc-GST contract from the Australian Government under the GovERP program taking total value of signed contracts to date under the program to over \$2.0 million
- Number of users exceeds 183k, including over 20k in Federal Government across 30 entities
- Post quarter end a \$290k inc-GST agreement was signed with the Department of Home Affairs for the full implementation of Expense8 under the GovERP program. The contract will see the National Emergency Management Agency become the first agency onboarded onto the Department's shared services hub.
- A further +20k users across three Federal Government entities have commenced Phase 0 Discovery workshops including the Department of Foreign Affairs and Trade, ASIC and The Department of Veteran Affairs. Phase 0 workshops are a key pre onboarding phase for agencies on their path to adopting the GovERP template
- The roll-out of CardHero with Life Without Barriers and Westhaven continues to progress. CardHero continues to receive inbound enquiries from not-for-profits, corporates and government agencies seeking a solution for their fund distribution requirements.

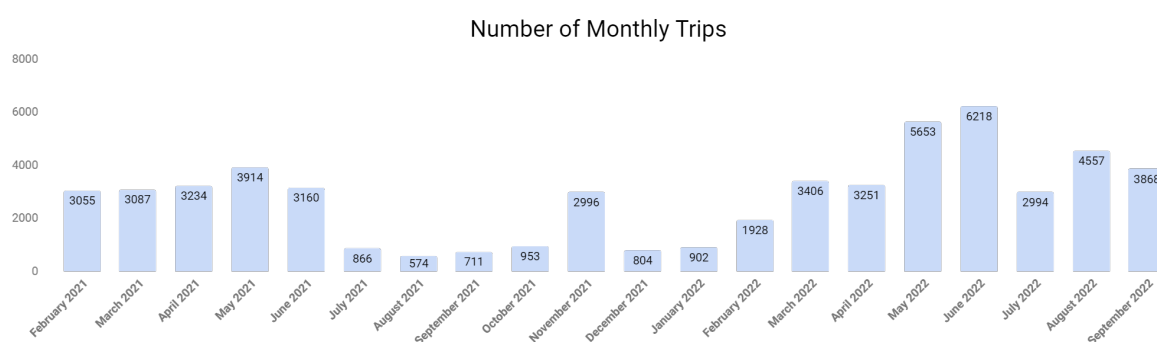
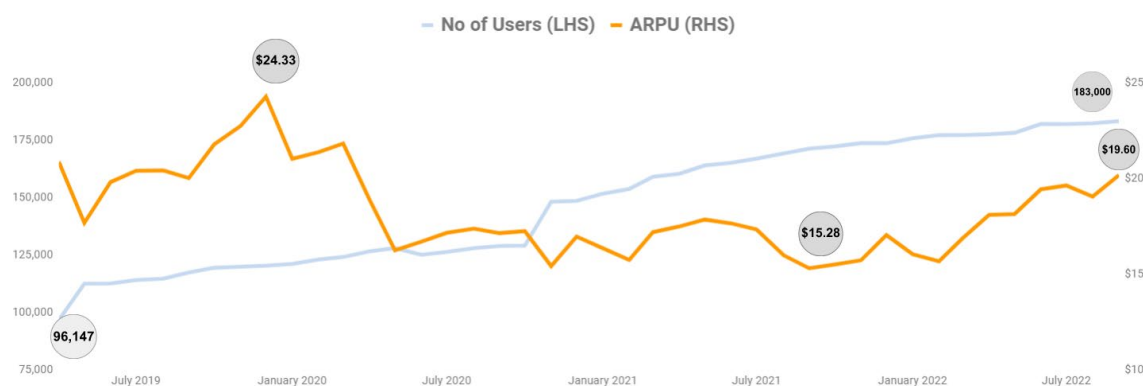
	1QFY22	4QFY22	1QFY23	% Change (vs pcp)
Total Revenue (\$Ak)	874	1,586	1,246	43%
SaaS & Transaction Revenue (A\$k)	683	832	894	31%
Number of users (k)	171	182	183	7%
ARPU – Federal Government (A\$)	33.38	43.31	49.63	49%
ARPU – Total (A\$)	16.18	18.53	19.60	21%

8common CEO, Andrew Bond said “Our second successive quarter of record quarterly transaction and recurring SaaS revenue reflects the growing scale of our Expense8 and CardHero products amongst large enterprise, not for profits and State and Federal governments. Both our user numbers and ARPU continue to grow, driving increased revenue and propelling the Company towards sustainable positive cashflow generation.”

Financial and operational review

The Company delivered record quarterly transaction and recurring SaaS revenue of \$894k, up 31% on the previous corresponding period (pcp).

The number of users of our solutions continues to increase to over 183k reflecting the scale of our offering. Importantly, the lift in user numbers continues to be matched by growth in ARPU. The September quarter ARPU of \$19.60 is the highest figure since the pre-pandemic levels in March 2020. Within the broader ARPU figure, Federal Government ARPU continues to increase averaging \$49.63 for the quarter. With a growing number of agencies and users to be on-boarded under the GovERP work package, average ARPU is expected to continue to increase in coming quarters.



The rollout of CardHero with its inaugural customer, Life Without Barriers continues to progress, in tandem with the Westhaven roll out. During the quarter CardHero contributed \$30k to recurring SaaS and transaction revenue. Revenue levels will grow in coming quarters as the Life Without Barriers rollout plan progresses.

During the quarter (ref ASX release 24 August 2022) the Company secured a further \$575k inc-GST contract from the Australian Government under the GovERP program, taking total value of signed contracts to date under the GovERP to over \$2.0 million (inc-GST).

The contract covers the development of the Whole of Government Template for Travel and Expense Management ('the Template'). The Template is a technology solution designed by 8common specifically for the GovERP program to provide a unified solution for the whole of Government Travel and Expense management requirements. The Template will utilise Expense8 technology with greater functionality specifically designed for Federal Government.

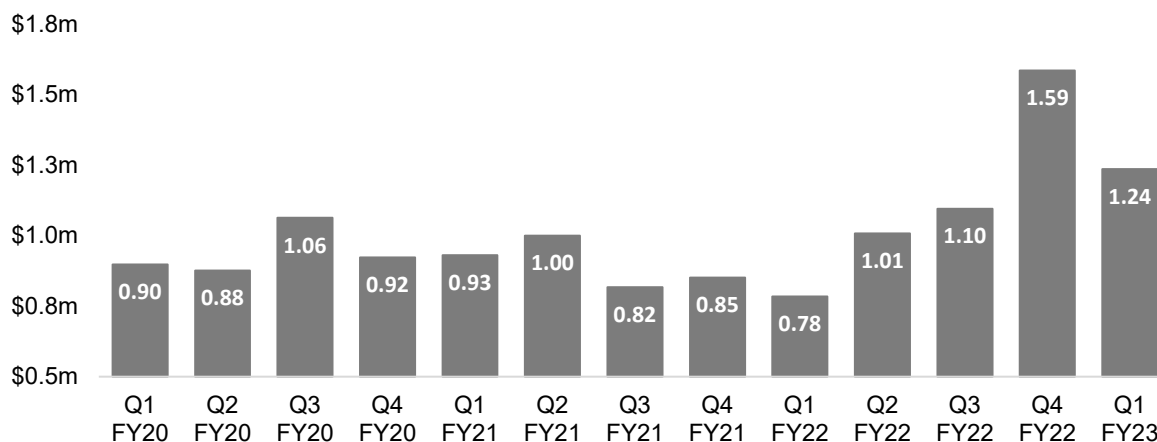
The first 7 agencies under the GovERP program have gone live utilising the GovERP version of Expense8. These agencies incorporate over 3,000 users and the associated SaaS transaction and recurring revenue commenced in 1Q FY23 and will ramp up over the remainder of FY23.

Post quarter end, a \$290k inc GST agreement was signed with the Department of Home Affairs for the full implementation of Expense8 under the GovERP program. The agreement will see the Department of Home Affairs become the third (of six) shared service provider to implement the Expense8 platform and will see over 13k employees onboard to Expense8, commencing with the National Emergency Management Agency (NEMA).

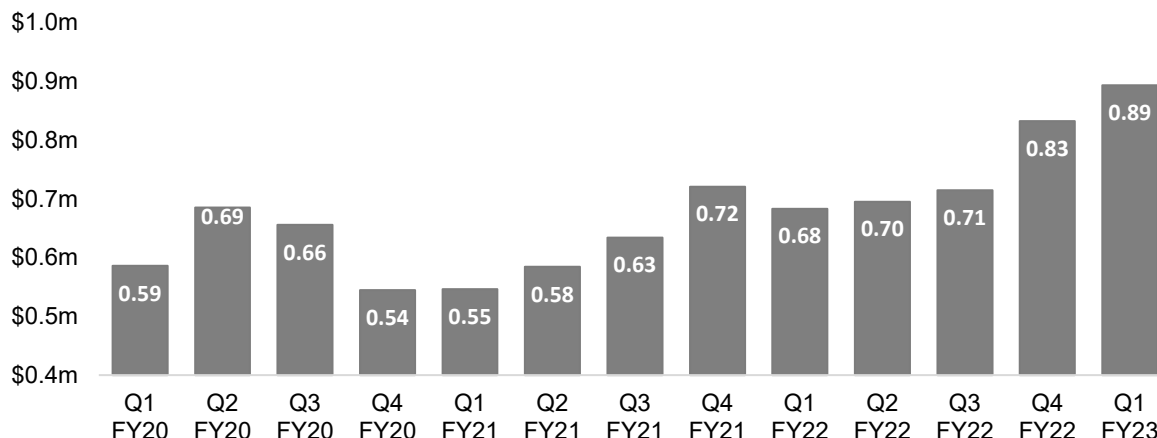
A further 3 agencies encompassing over 14k users are currently in Phase 0 Discovery workshops under the GovERP program. The Phase 0 Discovery workshops are the first stage of the on-boarding process and as such can be viewed as a precursor to future user additions.

With 8CO generating Federal Government ARPU of over \$50, the growth in users from the GovERP program will be a significant driver of future revenue.

Total revenue



Recurring SaaS & Transaction revenue



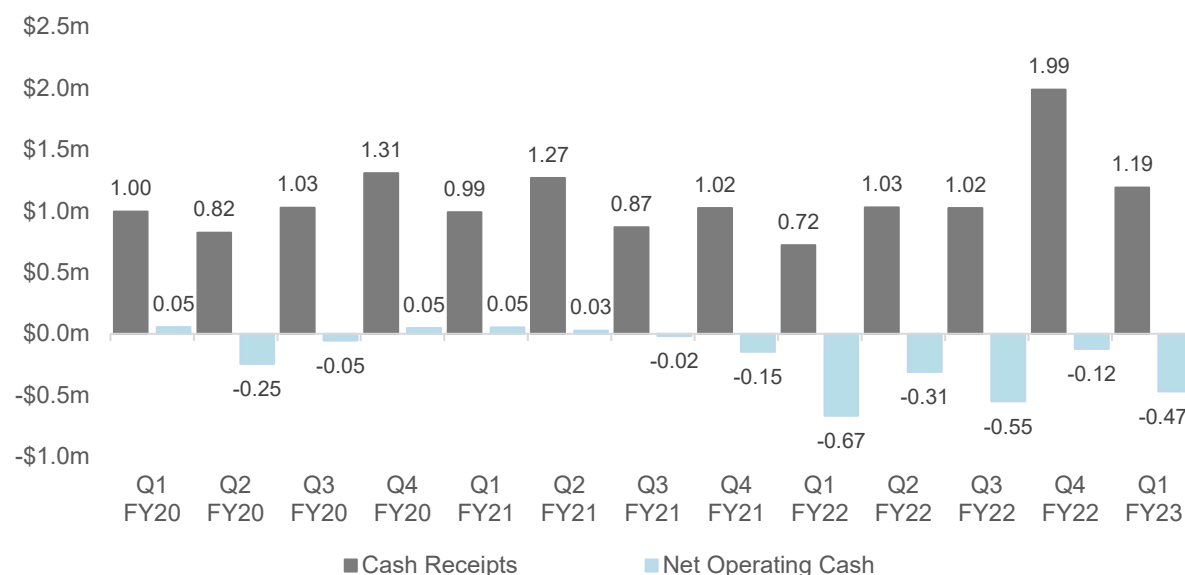
The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$1,653k for the quarter, up slightly from \$1,637k in the prior quarter.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$91k 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 \$470k, due to costs associated with the GovERP program implementation rollout.

The company has a strong cash position of \$2.5 million as at 30 September 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 183,000 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 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	1,191	1,191
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(11)	(11)
(d) leased assets		
(e) staff costs	(519)	(519)
(f) administration and corporate costs	(1,134)	(1,134)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
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	(470)	(470)
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	(283)	(283)

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 (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	(283)	(283)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
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		

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,253	3,253
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(470)	(470)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(283)	(283)

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)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,500	2,500

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	2,500	3,253
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)	2,500	3,253

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**

91

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.

	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)	(470)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,500
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,500
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5.3

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:26 October 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.