

ASX Release

25 January 2023

Record revenue quarter as ARR exceeds \$3.7m

December 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 December 2022 (2Q FY23).

Key financial highlights for 2Q FY23 include:

- Record quarterly transaction and recurring SaaS revenue of \$920k, up 32% on the previous corresponding period (pcp)
- Total revenue for 2Q FY23 of \$1.7 million, up 68% vs pcp, was a record quarter driven by implementation revenue from the GovERP program
- ARPU of \$21.20, up 30% vs PCP
- Federal Government ARPU of \$53.88 for the period, an important indicator given the growing number of federal government users to be on-boarded under the GovERP program
- Annualised Recurring transaction and SaaS Revenue (ARR) of c.\$3.7 million as at 31 December 2022
- Net cash outflow from operations for 2Q FY23 of \$399k, an improvement on 1Q FY23, as the company continues to invest into technology to drive scale and enhance user experience
- Cash balance as at 31 December 2022 of \$1.9 million (31 September 2022: \$2.5 million) providing sufficient capital for 8CO to continue capturing growth opportunities

Key operational highlights include:

- Multiple implementation contracts, with a TCV of \$2.1 million (inc-GST), signed with the Australian Government under the GovERP program
- Number of users exceeds 175k, up on the pcp, but down on the prior quarter due to a one-off re-alignment of users within a State Government entity.
- User numbers are expected to grow materially in coming quarters as a number of GovERP entities go live
- Federal Government entities representing over 61k users under the GovERP program have commenced or completed Phase 0 Discovery workshops which 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.

	2QFY22	1QFY23	2QFY23	% Change (vs pcp)
Total Revenue (\$Ak)	1,007	1,246	1,695	68.3%
SaaS & Transaction Revenue (A\$k)	695	894	920	32.4%
Number of users (k)	173	183	175	1.2%
ARPU – Federal Government (A\$)	32.24	49.63	53.88	67.4%
ARPU – Total (A\$)	16.06	19.60	20.97	30.4%

8common CEO, Andrew Bond said “Our growing revenue profile reflects the confidence our clients and prospects have in our products and platforms. Importantly, our ARPU continues to grow, reflecting both the increase in services we are providing to users and our growing Federal Government exposure. We remain well capitalised to continue to capture growth, particularly from the GovERP program, and we anticipate continued increase in both user numbers and ARPU in coming quarters, driving increased revenue and propelling the Company towards positive cashflow generation.”

Financial and operational review

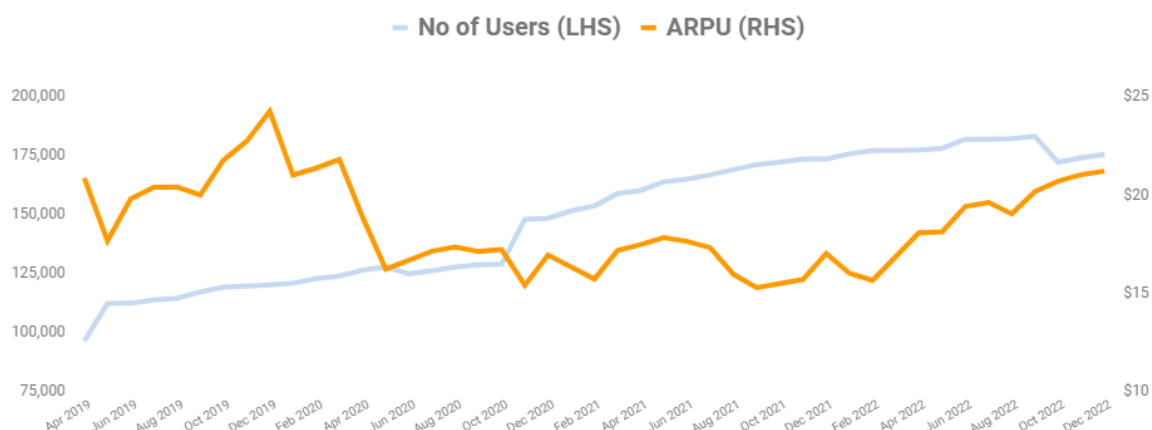
The Company delivered record quarterly transaction and recurring SaaS revenue of \$920k, up 32% on the previous corresponding period (pcp).

The number of users now exceeds 175k, up on the pcp, but down on the prior quarter due to a one-off re-alignment of users within a State Government entity. User numbers are expected to grow materially in coming quarters as a number of GovERP entities go live.

Net cash outflow from operations for 2Q FY23 of \$399k, an improvement on 1Q FY23. The recent quarter continued to see the Company investment into cyber security and infrastructure initiatives to provide for both an increase in system usage with further GovERP go-lives and pro-active strengthening of our capabilities.

ARPU for the December quarter increased to \$21.20, up 30% on the pcp, reflection an increase in products per users, greater levels of travel activity and growing Federal Government exposure.

Within the broader ARPU figure, Federal Government ARPU continues to increase averaging \$53.88 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, driving revenue and delivering improvement in our cashflow position.



CardHero contributed \$31k to recurring SaaS and transaction revenue. Revenue levels will grow in coming quarters as the Life Without Barriers rollout plan progresses.

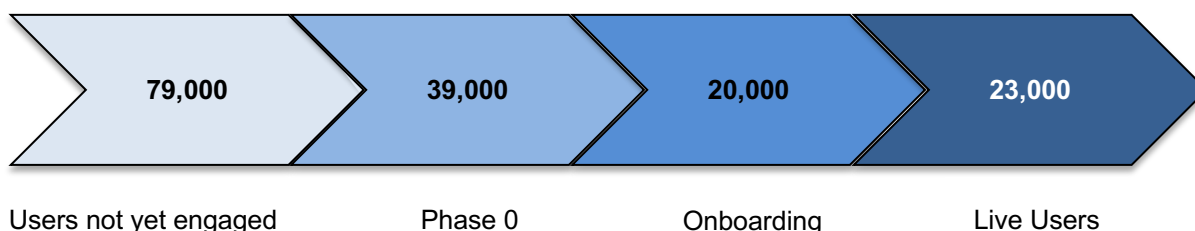
During the quarter (ref ASX release 23 December 2022) the Company secured multiple implementation contracts, with a TCV of \$2.1 million (inc-GST), with the Australian Government under the GovERP program. Implementation revenue under the program now exceeds \$4.1 million.

The contracts will see over 5,300 users migrate to the GovERP template to provide a unified solution for the whole of Government Travel and Expense management requirements. Key contracts include:

- The Department of Climate Change, Energy, the Environment and Water (DCCEEW)
- Implementation of additional entities into the Service Delivery Office (SDO) of the Department of Finance.
- The uplift of an existing 6 agencies under the previously signed Service Delivery Office (SDO) within the Department of Finance to the new template

GovERP onboarding pipeline

There are approximately 161k Total Potential Users Under the GovERP Program



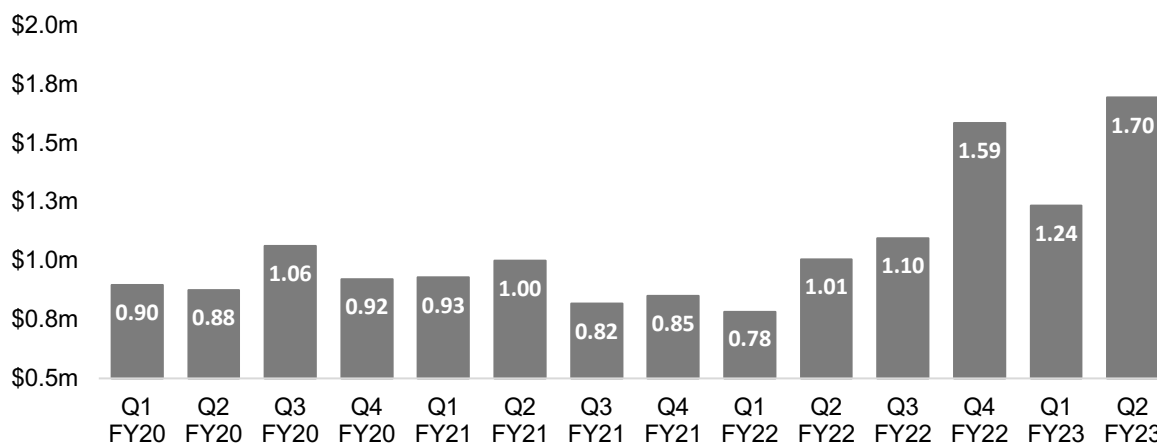
Source: <https://budget.gov.au/2022-23-october/content/bp4/index.htm>

The Company notes a typographical error was made within the AGM Presentation released to ASX on 30 November 2022, which recorded the number of "Live users" to be 31,000, when it was in fact 21,000. This typographical error solely affected the figures on page 10 of the Presentation and did not materially impact any other figures. This error was identified when preparing this quarterly report.

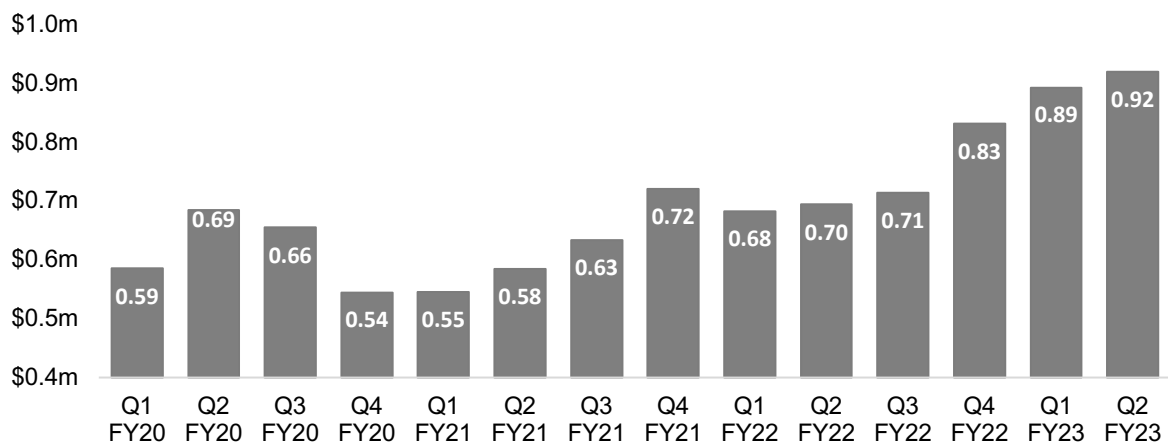
A further 61k users under the GovERP program have commenced or completed Phase 0 Discovery workshops which are a key pre onboarding phase for agencies on their path to adopting the GovERP template and as such can be viewed as a precursor to future user additions.

With 8CO currently generating an average Federal Government ARPU of over \$50, the growth in users from the GovERP program (which have a higher ARPU than the pre-GovERP program users) will be an ongoing significant driver of future revenue.

Total revenue



Recurring SaaS & Transaction revenue

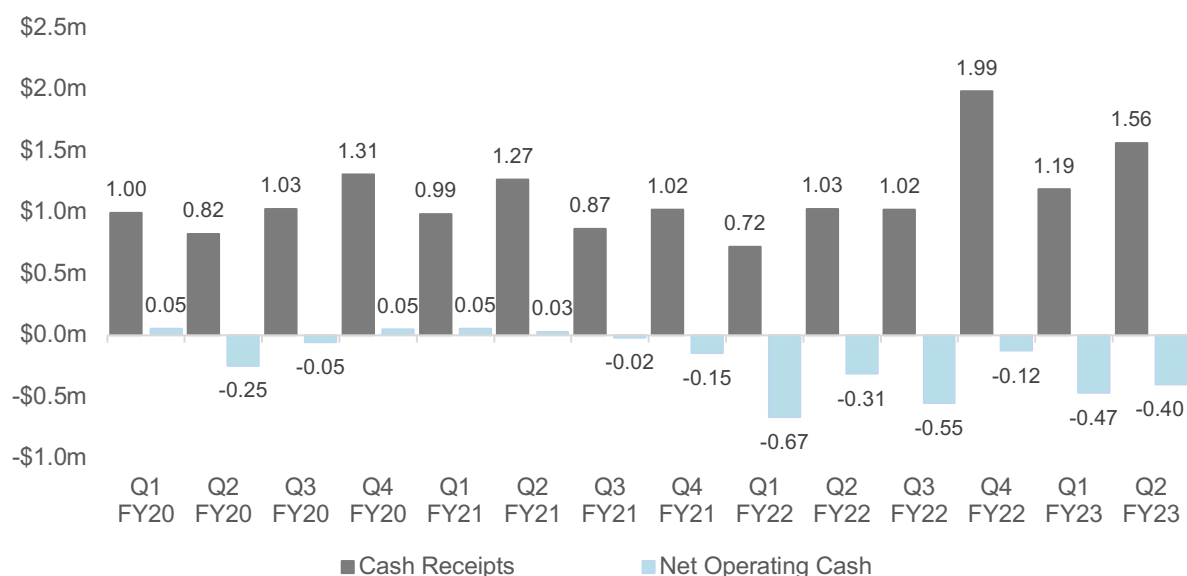


The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$1,943k for the quarter, up from \$1,653k in the prior quarter. The increase in corporate cost reflects the costs associated with partners who are involved in the on-boarding of entities under the GovERP program as well as partners conducting the Phase 0.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$96k 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 has a strong cash position of \$1.9 million as at 31 December 2022.

Cash Flow performance



Outlook

The Company continues to expand its presence amongst government, not for profit and large enterprises. As more entities progress to the on-boarding phase of Expense8 under the GovERP program, we anticipate user numbers to continue to grow in coming quarters. A growing proportion of users on our platforms from within Federal government is anticipated to grow our ARPU over FY23 and beyond, delivering material revenue growth for the Company and driving the business towards positive cashflow.

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 175,000 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 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,563	2,754
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(22)	(33)
(d) leased assets		
(e) staff costs	(582)	(1,101)
(f) administration and corporate costs	(1,361)	(2,495)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	6
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	(399)	(869)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(43)	(43)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(e) intellectual property	(170)	(453)
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) 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	(213)	(496)

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	2,500	3,253
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(399)	(869)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(213)	(496)
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	1,888	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	1,888	2,500
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)	1,888	2,500

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
96

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**

-

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.

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8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(399)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,888
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,888
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.7

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:25 January 2023.....

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.