

SaaS revenue and infra savings to drive 4Q profitability

March 2024 Quarterly Report and Appendix 4C

Fintech company 8common Limited (**8common** or the **Company**) (ASX: **8CO**), is pleased to release its quarterly cashflow and business update for the quarter ended 31 March 2024 (3Q FY24).

Outlook:

- The combination of improved billing cycle management, cost reduction initiatives such as cloud infrastructure optimisation and the ARR growth delivered through Q3FY24 drove improved financial performance during the quarter, resulting in an anticipated profitable final quarter to FY2024
- The above initiatives coupled with the 17k users currently in the go live phase provide 8CO with increased confidence that the financial performance delivered in the month of March can be replicated across 4Q FY24 and into FY25

Key financial highlights for 3Q FY24 include:

- Transaction and recurring SaaS revenue of \$1.1 million, up 18% on the previous corresponding period (PCP) and total revenue of \$1.9 million up 24% on the PCP
- Cash receipts from operations of \$2.0 million, up 5% vs PCP
- Net operating cash outflow for the period of \$684k as a result of investment into infrastructure for Federal Government “Protected” status (which has been achieved) and a timing mismatch between project implementation costs (includes significant third-party contractors) and cash receipts from client billing milestones. Infrastructure costs have since come down significantly and revised billing milestones are in place
- Annualised Recurring transaction and SaaS Revenue (ARR) of c.\$4.7 million at 31 March 2024 (\$3.7 million at 31 March 2023)
- ARPU of \$24.23 up 20% vs PCP
- Federal Government ARPU of \$39.11 for the period, a seasonally low period given the limited travel over the period
- Cash balance of \$0.1 million at 31 March 2024 (31 December 2024: \$0.8 million). The cash position is supported by an undrawn \$1.5m financing facility from the Executive Chairman which ensures the Company remains adequately funded

FY24 YTD highlights

- Total Revenue of \$6.1 million and over \$3.3m in transaction and recurring SaaS revenue up 33% and 21% respectively on FY23
- Cash receipts from operations of \$6.5 million, up 38% vs PCP
- TCV secured of \$4.4 million

Key operational highlights include

- Strong customer demand continues to drive elevated on-boarding activity with implementation projects being executed across multiple entities
- New contract wins and extensions secured during the quarter include the NSW Department of Education, NSW Department of Planning & Environment, Murray Darling Basin Authority and the Department of Prime Minister & Cabinet
- User numbers increased to 180k, up 17% vs PCP

	3QFY23	2QFY24	3QFY24	% Change (PCP)
Total Revenue (A\$k)	1,537	2,253	1,903	24%
SaaS & Transaction Revenue (A\$k)	889	1,132	1,053	18%
Number of users (k)	153	173	180	16%
ARPU – Federal Government (A\$)	45.97	48.21	39.11	-15%
ARPU – Total (A\$)	20.12	26.39	24.23	20%

8common CEO, Andrew Bond said “We see continued growth via new clients and to accommodate the high level of onboarding activity, we have engaged contractors from tier-1 consulting firms who have the requisite security clearances and experience to work alongside our internal teams. As we have seen in previous quarters there is a timing mismatch between new client on-boarding and cash receipts for milestone payments, resulting in some volatility in our quarterly cash flow. Consequently, we experienced a cash outflow for the period, which was exacerbated by our investment in infrastructure to ensure we have “Protected” status (for Federal Government clients) to drive further growth. Post quarter close in March, we have received substantial payments from previous implementations.

The combination of new implementations and operational cost savings from cloud infrastructure have led to an anticipated profitable final quarter to FY2024. We anticipate the cashflows to follow accordingly”.

Financial and operational review

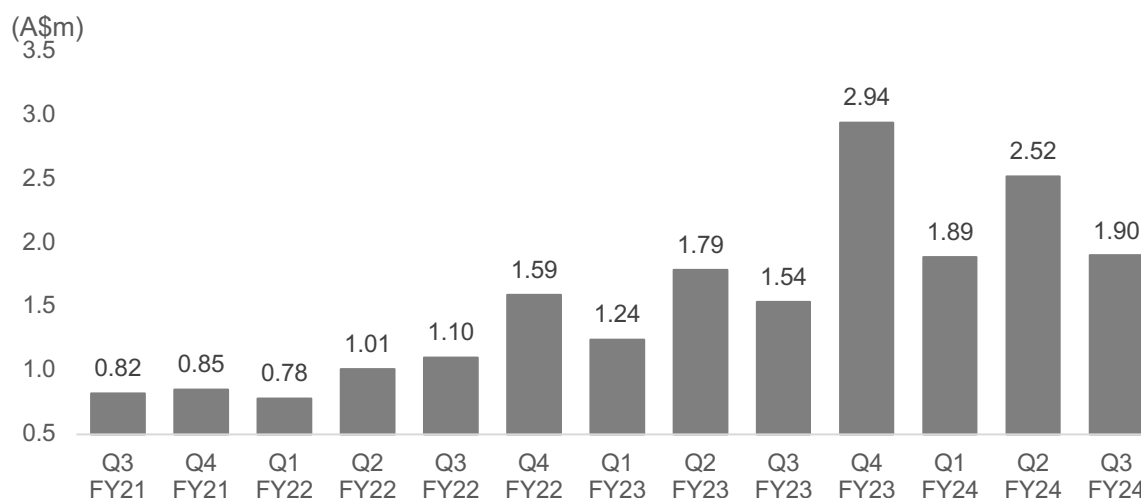
The Company delivered quarterly transaction and recurring SaaS revenue of \$1.1 million, up 18% on the previous corresponding period (PCP) and total revenue of \$1.9 million up 24% on the PCP.

ARPU for 3QFY24 was \$24.23, up 20% QOQ, reflecting an increase in products per users and growing Federal Government exposure.

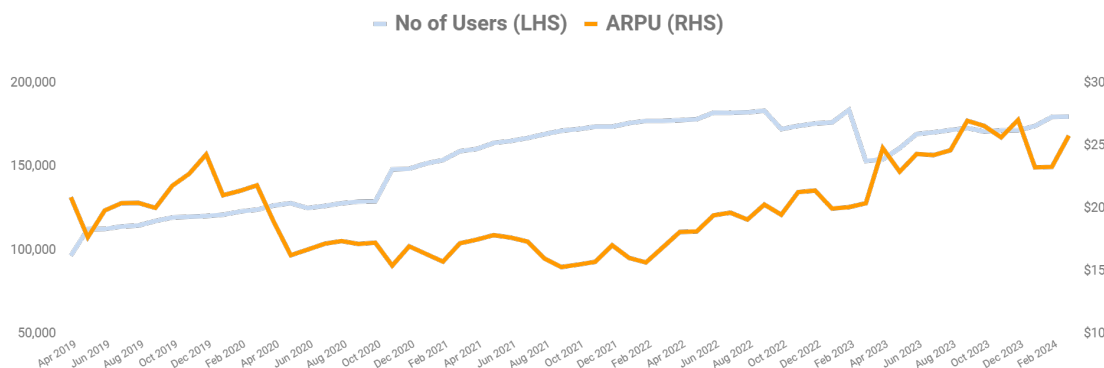
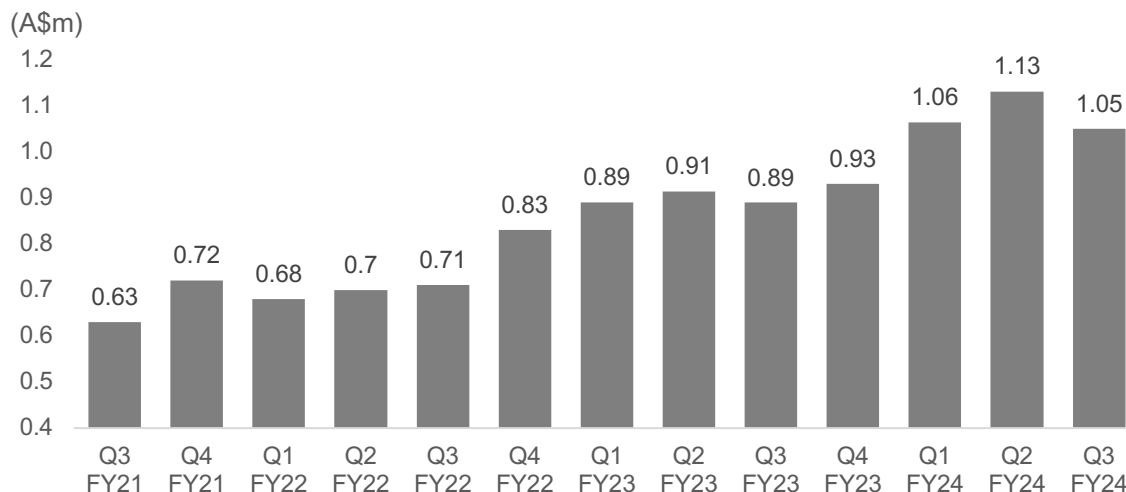
The Company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$2.7 million for the quarter, broadly in line with the prior quarter.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$103k 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.

Total revenue



Recurring SaaS & Transaction revenue



Expense8

Strong customer demand continues to drive elevated on-boarding activity with concurrent implementation projects being executed across multiple entities. New contract wins and extensions secured during the quarter include:

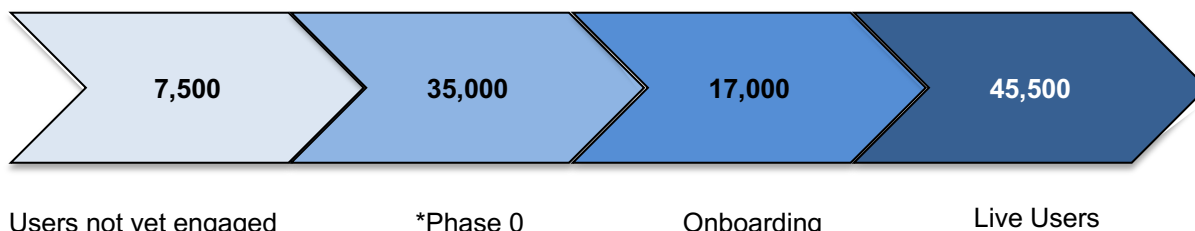
- NSW Department of Education;
- NSW Department of Planning & Environment;
- Murray Darling Basin Authority;
- Australian Centre for International Agricultural Research; and
- The Department of Prime Minister & Cabinet.

Year to date, over \$4.4 million in new contracts and contract extensions have been secured.

The strong customer demand for Expense8 and the ongoing onboarding and implementation activity has resulted in an increase in user numbers to over 180k, up 17% on the PCP.

Fed Gov onboarding pipeline

There are approximately 174k Total Potential Users of Expense8



* Phase 0 Discovery workshops are a key pre onboarding phase for Federal Government agencies on their path to adopting Expense8 and as such can be viewed as a precursor to future user additions. Over 55k users have commenced or completed Phase 0 Discovery workshops

Source: https://budget.gov.au/content/bp4/download/bp4_10_staffing_of_agencies.pdf

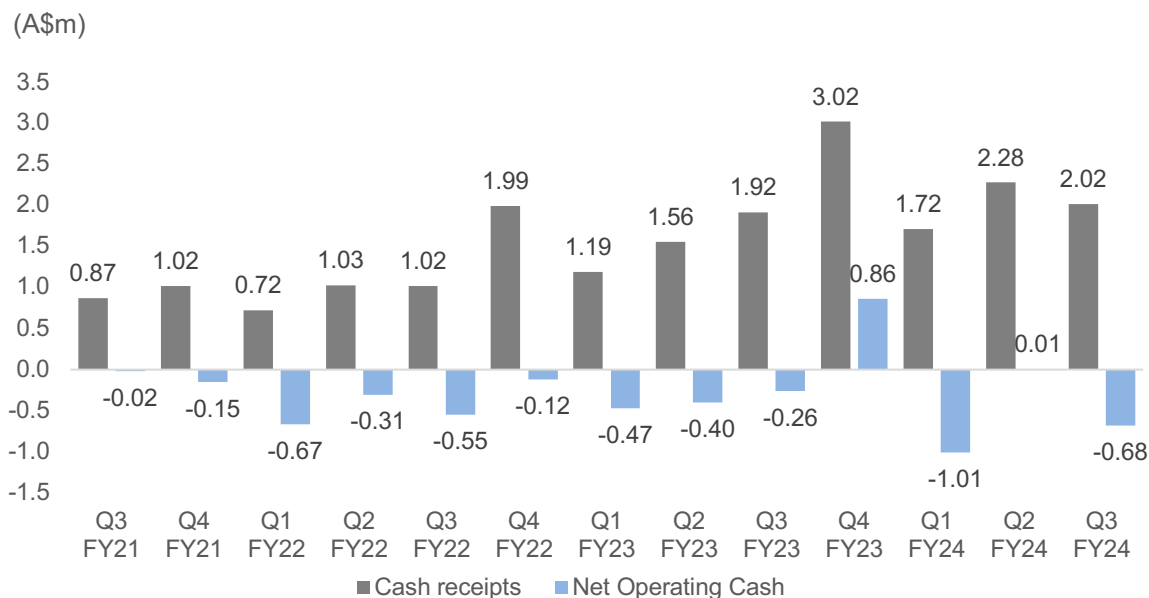
CardHero

The roll-out of CardHero with Life Without Barriers and Westhaven continues to progress. CardHero continues to receive inbound enquiries from not-for-profits, corporate and government agencies seeking a solution for their fund distribution requirements. CardHero contributed \$100k to recurring SaaS and transaction revenue during the quarter (up 271% vs PCP).

Cash Flow Performance

Net cash out flow from operations for 3Q FY24 was \$0.68 million, primarily driven by timing discrepancies associated with implementation costs of onboarding GovERP and the receipt payments of work milestones. Cashflow was also impacted by investment the Company has made in of investment into infrastructure to prepare for Federal Government “Protected” status. 8CO has altered its payment gateways which will reduce the impact on cashflow in future quarters. During the month of April, the company has received in excess of \$400k in implementation payments from work delivered in Q1 and Q2 FY2024.

The Company has a cash position of \$0.1 million as at 31 March 2024. The cash position is supported by an undrawn \$1.5m financing facility from the Executive Chairman which ensures the Company remains adequately funded.



Outlook

The Company has clear line of sight towards sustainable positive cashflow and profitability. Active management of infrastructure costs combined with growing SaaS revenue point towards a positive cashflow and profitable Q4 of FY2024 and underpin a momentum into FY2025.

Further information

Corporate

Nic Lim
nic@8common.com
 Executive Chairman

Investors

Craig Sainsbury
craig.sainsbury@automicgroup.com.au

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 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 180,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 171 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 2024

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	2,003	6,448
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(18)	(55)
(d) leased assets		
(e) staff costs	(557)	(1,570)
(f) administration and corporate costs	(2,112)	(6,533)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	24
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	(684)	(1,686)
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		(103)

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:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		110
(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		7

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	814	1,809
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(684)	(1,686)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	7
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	130	130

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	130	814
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)	130	814

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
103

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
	1,500	0
	-	-
	-	-
	1,500	0

7.5 Unused financing facilities available at quarter end

1,500

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)	(684)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	130
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,500
8.4	Total available funding (Item 8.2 + Item 8.3)	1,630
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.4

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:

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:

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:

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:30 April 2024.....

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.