

## 48% increase in recurring SaaS revenue for the quarter as 8CO invests for growth

### December 2019 Quarterly Report and Appendix 4C

Fintech company 8common Limited (**8common** or the **Company**) (ASX: **8CO**), a leader in expense management software and card application management, is pleased to release its consolidated quarterly cashflow and business update for the quarter ended 31 December 2019 (2Q FY20).

#### Key financial highlights include:

- Record \$685k of quarterly recurring SaaS and transaction-based revenue in 2Q FY20, a 48% increase from the previous corresponding period (pcp);
- Unaudited profit of \$35k and EBITDA of \$160k for 1H FY20;
- Total revenue for the December quarter increased to \$872k, a 5% increase over the pcp;
- After three consecutive quarters of positive cashflow, the December quarter saw an operating cash outflow of \$246k. The cash outflow was driven by an increase in expenses as 8CO invested in people to drive & support growth through FY20, a one-off tax payment of A\$35k for Realtors8 (disposed asset), a delay in receivables and investment in security protocols to PCI security standards which position the company to drive further international growth;
- The company anticipates being cashflow positive for FY20. Rolling 12 month net operating cash inflow of \$261k;
- Net cash of \$925k at 31 December 2019. Post the quarter end, several options were converted lifting the current cash balance of \$1.231m.

#### Key operational highlights include:

The company has generated over \$1.83m in contract wins in FY20 to date. Significant contract wins during the December quarter include:

- Extension of the Transport for NSW (TfNSW) contract for an additional 3 years reflecting an estimated \$750k in total contract value<sup>1</sup>;
- Extension of the Federal Prime Minister and Cabinet (PMC) contract for an additional year reflecting an estimated \$150k in total contract value;
- Extension of the NSW Department of Education contract for an additional year reflecting an estimated \$300k in total contract value.

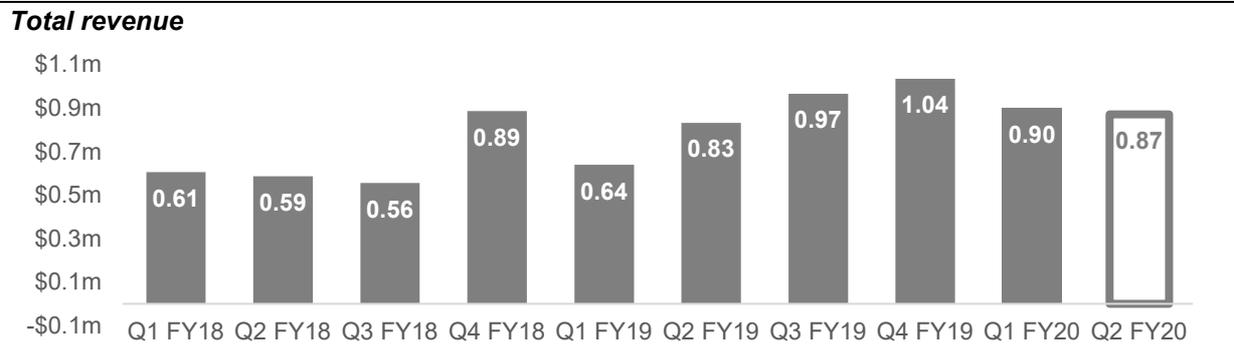
Commenting on the December 2019 quarter, 8common Executive Chairman, Nic Lim said “The continued strong growth in SaaS revenue, up 48% versus the previous December quarter, highlights the strength of our revenue model. We continue to expect a strong 2H FY20 as new contract wins and client renewals drive implementation and recurring SaaS revenue. Continued strengthening of our rolling 12-month cash receipts of \$4.4m and net operating cash inflow of \$261k will be underpinned by the shared services wins with the Federal Government, our new product streams such as CardHERO and the continued investment in people and infrastructure to support our rapidly growing organisation.”

<sup>1</sup> All references to contract values are inclusive of GST

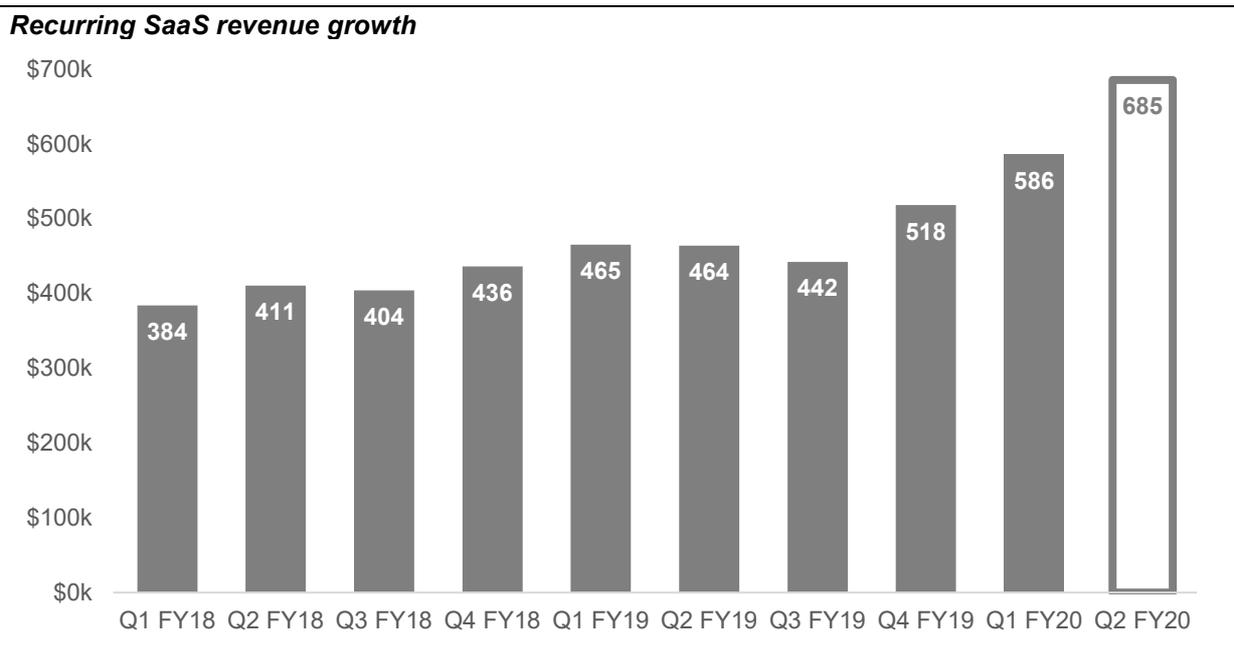
**Financial & Operational Review**

Total revenue for the quarter grew 5% on a pcp basis to \$872k. However, revenue versus 1Q FY20 was slightly lower driven by a reduced level of implementation activity. The lower implementation revenue was a result of a deferment of new business activity into CY20 with 8CO already seeing signs of a pick-up in activity in January. Revenue is anticipated to recover in 3Q and 4Q FY20 backed by recent wins in January 2020 such as:

- Northern Territory Department of Corporate Information Systems (DCIS) extends Expense8 contract for three years with option for two one-year extensions, total contract value estimated to be \$475k;
- Federal Australian Electoral Commission (AEC) signs new Expense8 contract for three years with option of two two-year extensions, total contract value (excluding options) estimated to be \$337k. This contract will see the AEC implement the Expense8 travel module;
- Federal Department of Finance signs implementation contract to implement integrated online travel with estimated implementation fees of \$66k.



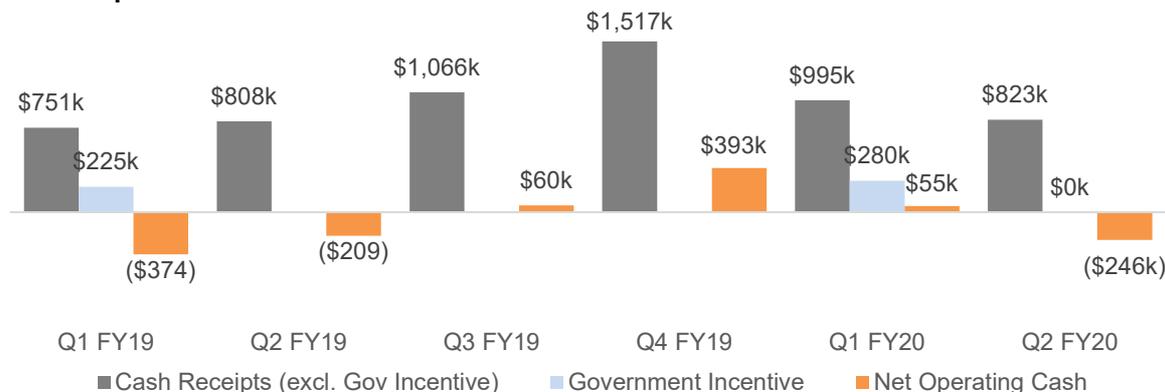
Second quarter recurring SaaS and transaction-based revenue grew 48% on a pcp basis to \$685k. Growth is expected to continue as new clients continue to be on boarded and existing clients adopt the travel platform.



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Operating cash receipts grew 2% against the pcp to \$823k. Net operating cash flow was (\$246k). The cash position was \$925k at the end of December 2019.

## Cash flow performance



## Recognition of 8common from IDC MarketScope

In December 2019, Expense8 by 8common was named as a Worldwide Major Player in the IDC MarketScope: Worldwide SaaS and Cloud-Enabled Enterprise Travel and Expense Management Applications 2019 Vendor Assessment. The IDC MarketScope provides an evaluation of the leading global SaaS and cloud-enabled enterprise travel and expense software solutions and discusses criteria most important for companies to consider when selecting a system.

## Prospects for CardHERO

The Company has completed a consulting engagement paid for by a significant not-for-profit organisation to deliver CardHERO. CardHERO is a traceable expenditure solution via pre-paid cards leveraging the Expense8 platform. The revenue model will be based on a combination of subscription fees and basis point margin of the total value of the amount loaded on the pre-paid cards. The engagement with the client continues and conversations with other prospects have begun.

## Outlook

The Company continues to build on the established contracts within the State and Federal Governments, delivering predictable and secure revenue growth, as evidenced by the 48% in recurring revenue on pcp during the quarter.

8common has already seen three new contracts signed in Q3 FY20 which will add implementation revenue in Q3 and Q4 FY20. The company has a significant pipeline of potential revenue growth via the implementation of our technology across further DIIS and DoF shared service agencies. Corporate engagement continues with good responses received for both the travel and continuous transaction monitoring platforms.

Additionally, as outlined, 8common have commenced discussions on the provision of pre-paid cards, working with not-for-profit organisations, that leverage the strength of the Expense8 platform whilst providing a stronger process for reconciliation and tracking of expenditure in the sector. As we progress this initiative, 8common will provide updates to the market once a revenue associated outcome is secured.

CEO Andrew Bond commented: "Building a reseller model for Expense8, developing the CardHERO product and increasing our ability to execute on growth via appropriately staffing the 8CO team have been key focus areas for us. I am pleased with the progress we have made on all fronts and look forward to delivering further updates."

## Appendix 4C Quarterly report for entities subject to Listing Rule 4.7B

+ See chapter 19 for defined terms, 1 September 2016

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## 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 products being PayHERO (procurement payment gateway) and CardHERO (pre-paid card fund distribution) deliver closed loop solutions to support regulated, large network and high volume requirements. 8common's specialises in large enterprise and government segments.

Its growing client base of more than 120,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 120 state and federal government entities. For more information, visit <https://www.8common.com/>

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## Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

## Name of entity

8common Limited

## ABN

51 168 232 577

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	823	1,818
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(489)	(952)
(f) administration and corporate costs	(580)	(1,338)
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	-	280
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(246)</b>	<b>(192)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(10)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		

## Appendix 4C Quarterly report for entities subject to Listing Rule 4.7B

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## 8common

2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) 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) Second payment related to sale of Realtors8 Group		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2)</b>	<b>(10)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options	2	94
3.4	Transaction costs related to issues of shares, convertible notes or options		
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2</b>	<b>94</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,171	1,033
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(246)	(192)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(10)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2	94
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>925</b>	<b>925</b>

### Appendix 4C Quarterly report for entities subject to Listing Rule 4.7B

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5. <b>Reconciliation of cash and cash equivalents</b> 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	925	1,171
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details) Term Deposit		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>925</b>	<b>1,171</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

52

Payments represent Directors wages and fees for the quarter.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

None

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
None		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	(450)
9.6 Administration and corporate costs	(600)
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>(1,050)</b>

10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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**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.



Sign here: .....  
Company secretary

Date: .....31 January 2020.....

Print name: .....Dean Jagger.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

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