

Record Quarterly SaaS revenue

June 2021 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 2021 (4Q FY21).

Key financial highlights for 4QFY21 include:

- Record quarterly SaaS and transaction-based revenue of \$720k, up 14% on 3Q FY21 due to continued improvement in business and travel activity and strong user growth (up 33% YoY)
- Total quarterly revenue of \$852k, up 4% on the prior quarter
- \$1,024k in operating cash receipts and operating cash outflow of \$146k (full year operating cash outflow of \$85k), reflecting the previously disclosed investment required in preparing for the roll out of the CardHero platform
- Annualised recurring SaaS and transaction-based revenue of nearly \$3.0m (based on June 2021 SaaS revenue)
- Cash balance at 30 June 2021 was \$3.2m (31 March 2021: \$3.6m). The reduction in cash reflected the expenditure required to fund the development and roll out of CardHero

Key financial highlights for FY21 include:

- SaaS and transaction-based revenue of \$2.5m broadly flat on FY20 reflecting the negative impact of COVID-19 on 1H FY21 and subsequent commencement of recovery which was supported by the 33% YoY user growth
- Total revenue for FY21 of \$3.6m, down 4% vs FY20 reflecting lower implementation revenue during the year and substantial reduction in transaction-based revenues

Key operational highlights include:

- In the December quarter, the Company signed an inaugural \$1.6m contract with not-for-profit Life Without Barriers to support NDIS fund disbursements via CardHero+. The roll out is progressing well with CardHero beta cards in live production (and transacting) and LWB expected to go live within the current quarter. The Company continues to assess further high-quality commercial opportunities for CardHero
- Woolworths Group extended its Expense8 contract for an additional two years (\$140k of revenue) and signed an option to access 8CO's integrated card payment and expense management solution CardHero
- Go live for NSW Electoral Commission, as well as notable new contract wins and renewals including Federal Department of Social Services, Federal National Recovery and Resilience Agency (NRRRA), Federal Bushfire Recovery Agency, Investment NSW and Research & Development NSW
- The commencement of a return of travel activity has driven continued improvement in revenue with over 10,000 trips recorded during the quarter as compared to 6,800 trips in the December quarter. The return of travel activity over the remainder of CY21 will be a significant revenue driver
- User levels continue to increase to over 166k (up over 33% over the past 12 months)

8common CEO, Andrew Bond said "Whilst the year began with uncertainty, we are very pleased to have ended it with a record quarter of recurring SaaS and transaction revenue. The performance is a testament to the support of our clients and commitment of the 8CO team and reflects the growing adoption and utilisation of our Expense8 platform. Our growing user base, coupled with the revenue

contribution from CardHero positions us well as we drive continued revenue growth into FY22 and beyond.

“We continue to fast-track our investment in developing and rolling-out CardHero and we have expanded our group-wide support resources in advance of the anticipated scale requirements and growth of the CardHero platform.

“The implementation of our inaugural CardHero+ contract with not-for-profit Life Without Barriers continued during the quarter. The scale and sophistication of disbursement programs amongst not-for-profits, charities and grant programs has driven the requirement for more advanced solutions like CardHero. We are well placed to address this and capture this growth opportunity through our CardHero platform which has benefited from the collaborative partnerships with the likes of EML, Syph, LWB and more.

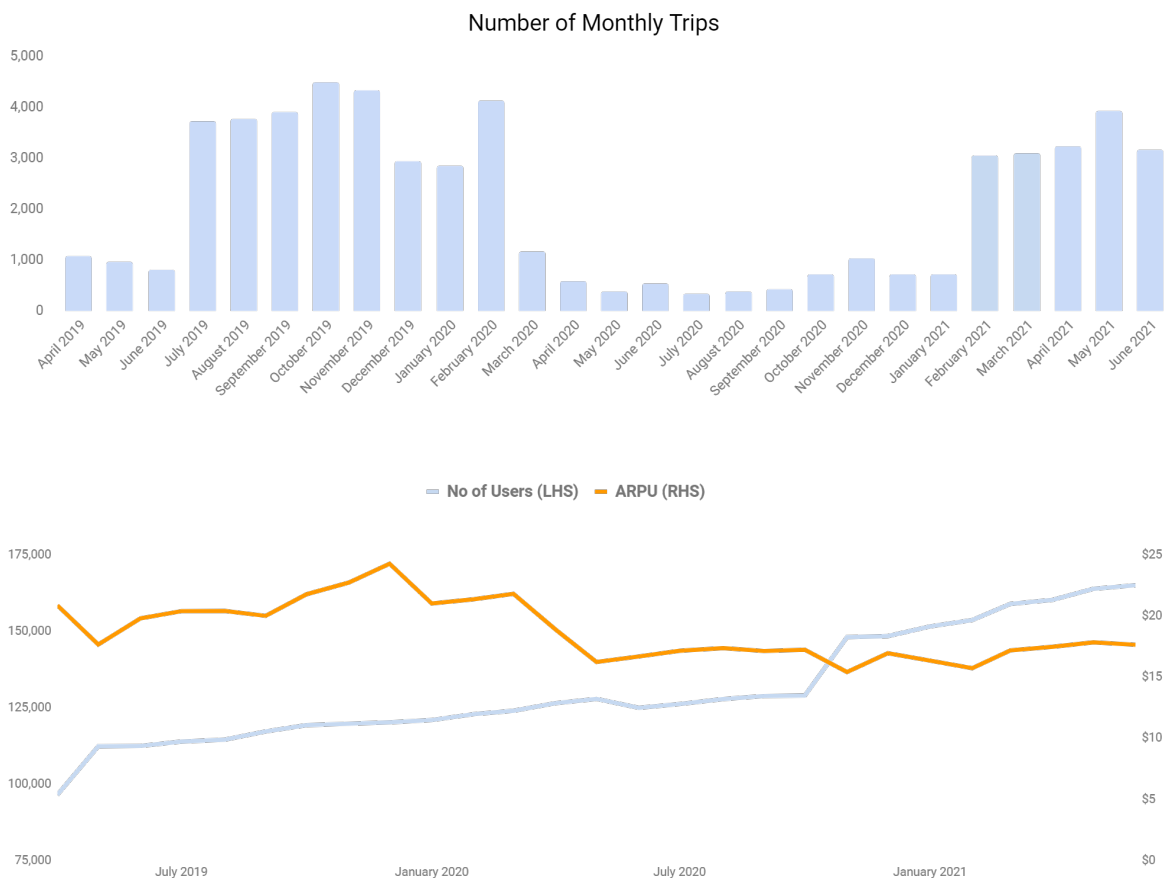
“Importantly we are seeing corporate customers, such as Woolworths, explore the CardHero solution and we believe this will be an avenue of significant revenue growth for the company in coming years.

“With a strong team, growing Expense8 demand and commercial roll out of the CardHero platform, we are expecting a strong outlook for the company into FY22 and we look forward to updating the market on our progress.”

Financial and operational review

The company delivered record quarterly SaaS revenue of \$720k, up 14% versus 3Q FY21, as our user base grows, and travel and expense activity continued to normalise. The improved business conditions are continuing to drive a pickup in activity levels. Total revenue for the quarter increased by 4% over the 3Q FY21 to \$851k reflecting the strong growth in transaction-based revenue, albeit still substantially below pre-COVID activity levels.

The return of travel activity has been a significant driver in the improvement in revenue with over 10,000 trips recorded during the June quarter compared to 6,800 trips in the March quarter. User levels continue to increase to over 166k (up over 33% over the past 12 months).



The previously announced \$1.6 million, three-year Life Without Barriers contract continues to progress towards implementation. The contract incorporates an implementation fee of \$150k and approximately \$500k per annum in transaction fees. Life Without Barriers plan to utilise CardHero+ to disburse funds and manage expenses across over 3,500 cards representing 380 disability care homes across Australia.

Life Without Barriers provides a range of services under the National Disability Insurance Scheme (NDIS) in every Australian state and territory. The NDIS gives people choice and control over their supports. It is designed to help people with daily living tasks, achieve their goals and build connection to their community. In 2019, Life Without Barriers supported 6,098 people with disability out of whom 4,043 people are participants of the NDIS.

CardHero+ will enable a streamlined funds disbursement platform and card transaction system for Life Without Barriers. This platform will provide a seamless funds and transaction process for the end user, reducing administrative time spent on validating and reconciling transactions and streamlining the distribution of funds.

In addition to Life Without Barriers, a broader opportunity exists to provide the CardHero product to other not-for-profits NDIS service providers, resulting in a significantly wider market opportunity for the CardHero offering.

The CardHero and CardHero+ platforms have two distinctive use cases and clients:

- CardHero is an integrated card payment and corporate expense solution for government and large enterprise clients
- CardHero+ is an integrated fund disbursement and spend management solution for use by Not-for-Profits and educational institutions to disburse funding and reconcile transactions

The CardHero platforms combine EML Payments (ASX:EML) issued pre-paid Mastercard's with 8common's Expense8 spend reconciliation solution. CardHero leverages the Expense8 platform which serves 158 Federal, State and Territory Government entities as well as large corporates including Woolworths, Amcor and others.

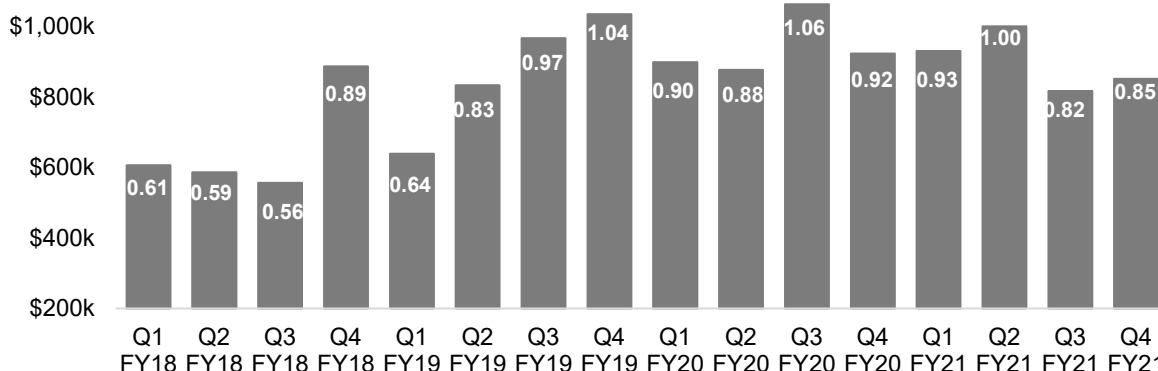
Importantly we are seeing our existing corporate clients explore the potential of CardHero. During the quarter Woolworths extended their Expense8 contract for a further two years, which included an option for CardHero, which highlights the growing corporate interest in the CardHero platform.

The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$1,170k for the quarter, up from \$886k in the previous quarter given the increase in investment in CardHero and other corporate costs during the June quarter.

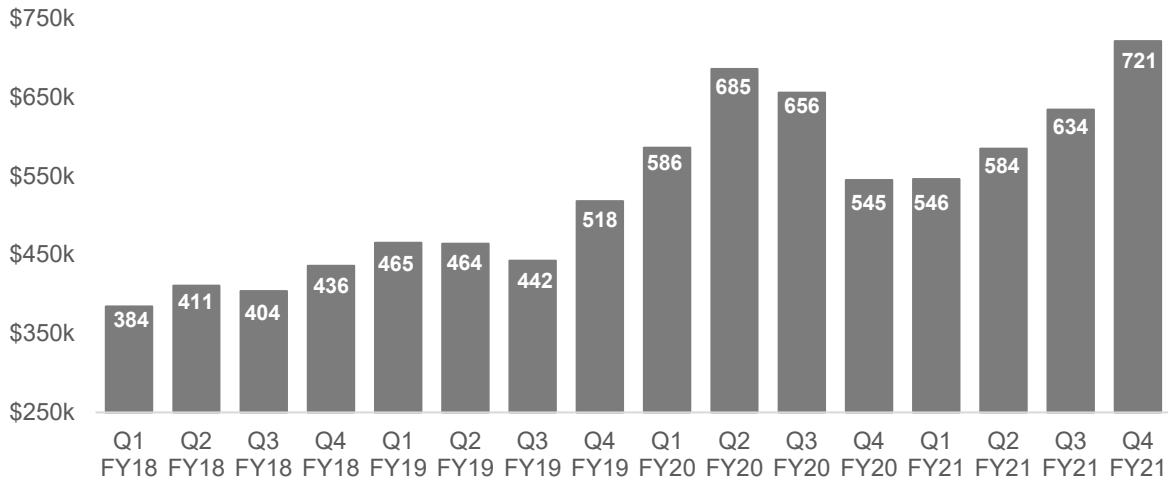
Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$73k during the quarter (see section 6 of the Appendix 4C). No other payments were made to any related parties or their associates of the entity.

Total revenue

\$1,200k

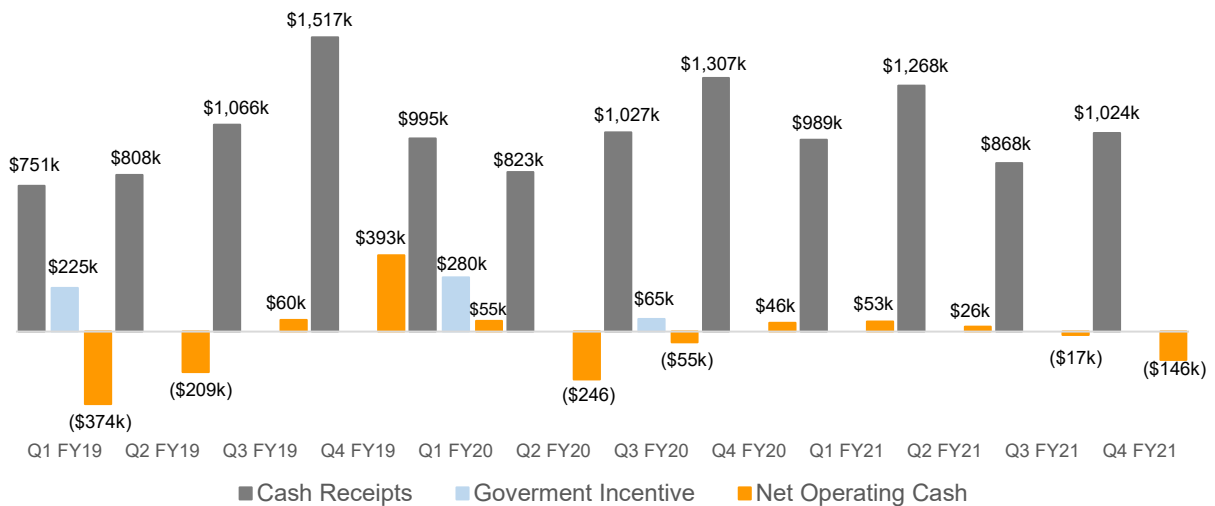


Recurring SaaS & Transaction revenue



The Company generated a net operating cash outflow of \$85k for FY21 and \$146k for Q4 FY21, reflecting the investment in the roll out of the CardHero platform. The company has a strong cash position of \$3.2 million as at 30 June 2021.

Cash Flow performance



Outlook

The Company ended FY21 on strong footing due to a combination of a growing customer base and improving business activity in Australia. The Company has a significant pipeline of potential revenue growth via the implementation of our technology across State, Federal, Not-for-profit and Corporate clients. The CardHero and CardHero+ products are a significant engine of growth and will further expand the client and revenue footprint of the Company. With a dedicated team, robust financials and strong pipeline of Expense8 and CardHero growth opportunities are expected to support a strong platform for continued growth into FY22 and beyond.

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 166,000 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 2021

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	1,024	4,149
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(22)	(66)
(d) leased assets		
(e) staff costs	(486)	(1,945)
(f) administration and corporate costs	(662)	(2,223)
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	(146)	(85)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(6)	(20)
(d) investments		
(e) intellectual property	(266)	(672)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	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	(272)	(692)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		2,267
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		14
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(124)
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	-	2,157

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,641	1,843
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(146)	(85)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(272)	(692)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,157

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,223	3,223

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	3,223	3,641
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)	3,223	3,641

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
73

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 <i>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.</i>	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)	(146)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,223
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,223
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	22

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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

- 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

- 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:13 July 2021.....

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.