

Record TCV as FedGov contracts drive 39% uplift in revenue.**March 2023 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 March 2023 (3Q FY23).

Key financial highlights for 3Q FY23 include:

- Quarterly transaction and recurring SaaS revenue of \$889k, up 25% on the previous corresponding period (pcp)
- Total revenue for 3Q FY23 of \$1.5 million, up 39% vs pcp as the Company continues to execute on the implementation works associated with the GovERP program
- Annualised Recurring transaction and SaaS Revenue (ARR) of c.\$3.7 million at 31 March 2023
- ARPU of \$20.12, up 9% vs PCP, but down slightly on the prior quarter due to the impact of the seasonally lower business travel & activity levels over the January holiday period
- Federal Government ARPU of \$46.96 for the period, an important indicator of future revenue growth given the increasing number of federal government users to be on-boarded under the GovERP program
- Net cash outflow from operations for 2Q FY23 of \$259k (an improvement on 2Q FY22) as the company continues to invest into technology to drive scale and enhance user experience
- Cash balance at 31 March 2023 of \$1.7 million (31 December 2022: \$1.9 million) providing all the required capital for 8CO to execute on growth under the GovERP implementation and transition the Company to positive operating cash-flow.

FY23 YTD Highlights

- YTD total revenue of \$4.6million, greater than total revenue generated in all of FY22
- Total contracts value won in FY23 exceeds \$5.5 million (more than the combination of contracts secured across FY21 and FY22).

Key operational highlights include:

- Three-year contract with Australian Securities and Investments Commission (ASIC) secured under the GovERP deed, with the option of a three-year extension with a TCV of \$650k for onboarding, implementation, and support services with transaction and SaaS recurring revenue to drive additional revenue over the term of the contract
- Appointment of Deloitte as an implementation partner for Expense8 delivering travel and expense solutions and opportunities across their client network
- User numbers decreased to 153k due to the roll-off of the Transport for NSW contract - a high user volume, low ARPU account
- Contract extension with NSW Department of Education worth an approximately \$600k per annum inc GST
- Agreement with Department of Veteran Affairs (part of the Department of Defence portfolio) with a Total Contract Value of \$895k inc GST signed post quarter end.

	3QFY22	2QFY23	3QFY23	% Change (vs pcp)
Total Revenue (A\$k)	1,103	1,785	1,537	39%
SaaS & Transaction Revenue (A\$k)	713	913	889	25%
Number of users (k)	177	175	153	-14%
ARPU – Federal Government (A\$)	43.31	53.88	46.95	8%
ARPU – Total (A\$)	18.53	20.97	20.12	9%

8common CEO, Andrew Bond said “The combination of a record \$5.5m of TCV in new contract wins so far in FY23, strong visibility across the substantial Federal GovERP pipeline and our broader revenue growth has positioned us to deliver a strong June quarter, driving significant momentum in to FY24 and beyond. With over 161k users mandated to transition Expense8 under the GovERP program, of which 79k yet to commence the process, we have a considerable pathway for sustained growth over the medium to long term. We have invested considerably in cyber security and system infrastructure to ensure we can stay ahead of stakeholder requirements and deliver on sales momentum. With over \$1.7million cash and an anticipated continued increase in both user numbers and ARPU in coming quarters, we are well capitalised to execute on our growth options as we transition the Company towards positive cashflow generation.”

Financial and operational review

The Company delivered quarterly transaction and recurring SaaS revenue of \$889k, up 25% on the previous corresponding period (pcp). Total revenue for 3Q FY23 of \$1.5 million, up 39% vs pcp as the Company continues to execute on the implementation of the GovERP program.

ARPU for the December quarter was \$20.12, up 8% on the pcp, reflecting an increase in products per users and growing Federal Government exposure.

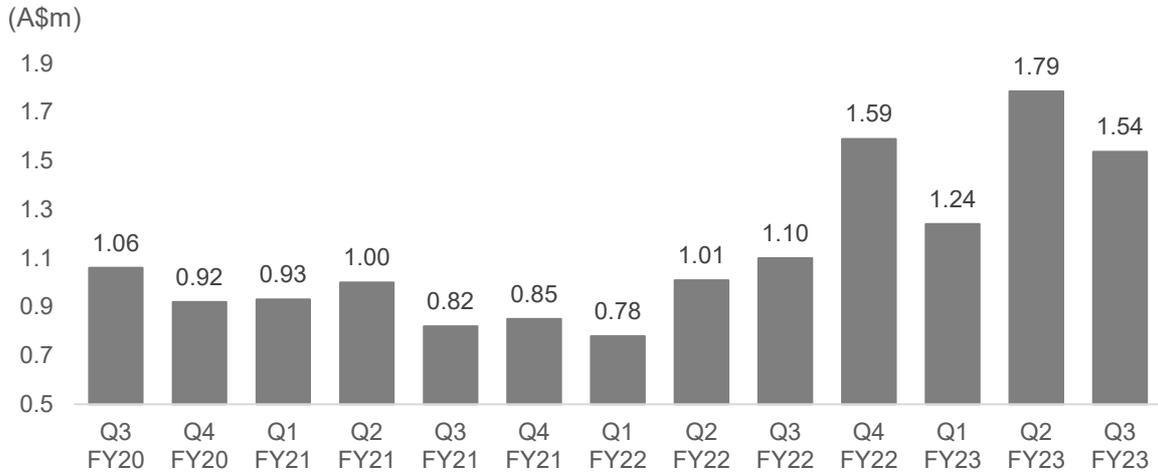
Within the broader ARPU figure, Federal Government ARPU averaged \$46.95 for the quarter. With a growing number of agencies and users to be on-boarded under the GovERP work package, average ARPU is expected to continue to increase in coming quarters, driving revenue and delivering improvement in our cashflow position.

Whilst total revenue, transaction and recurring SaaS revenue and ARPU were all up versus the pcp, they were down slightly versus 2Q FY23 due to the seasonal impact of holiday period on travel and activity levels over January.

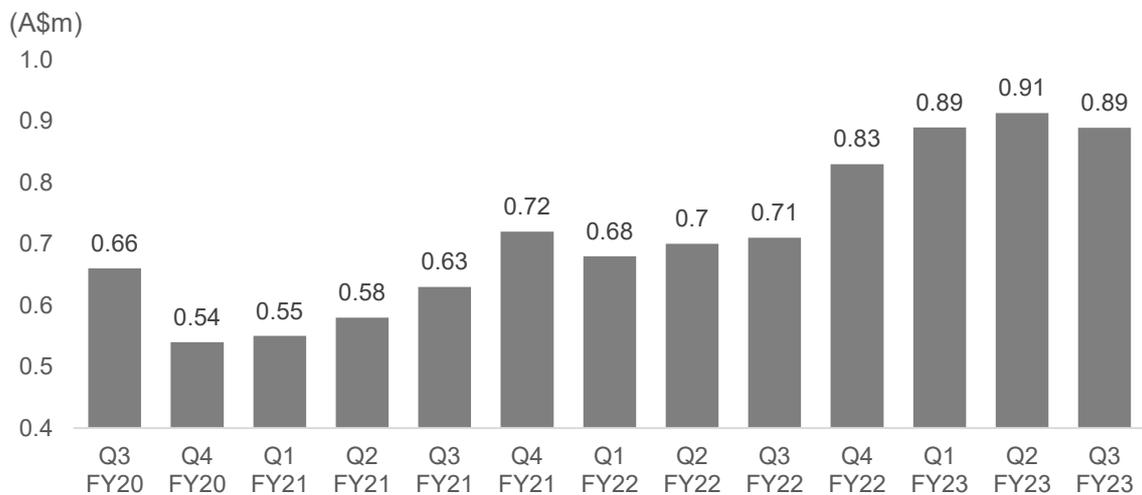
Net cash outflow from operations for 3Q FY23 was \$259k, an improvement on 2Q FY23. The Company continues to investment into staff and infrastructure to facilitate the onboarding and rollout of clients under the GovERP program. The cash investment made YTD2023 will facilitate the scalable and sustainable rollout of Expense8 under GovERP delivering a growing profile of transaction and recurring SaaS revenue and cashflow.

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. CardHero contributed \$33k to recurring SaaS and transaction revenue during the quarter.

Total revenue

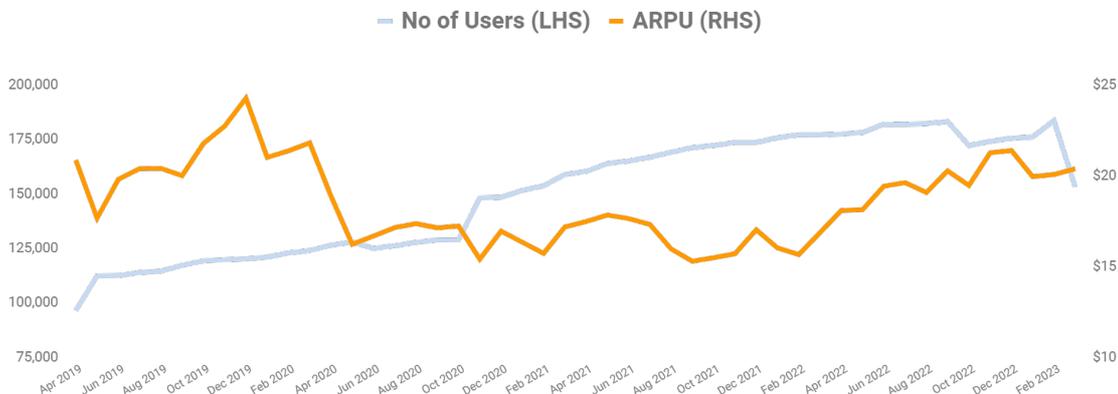


Recurring SaaS & Transaction revenue



Overall user numbers decreased to 153k at the end of the quarter due to the roll-off of the Transport for NSW contract - a high user volume, low ARPU client.

Post quarter end 8CO executed an Agreement with Department of Veteran Affairs (part of the Department of Defence portfolio) with a Total Contract Value of \$895k inc GST. The contract will see approx. 2,600 users on-boarded to the technology solution designed by 8common specifically with the GovERP program to provide a unified solution for the whole of Government Travel and Expense management requirements. Implementation revenue from the contract anticipated to be recognised across 2H FY23 and 1H FY24 with the associated SaaS transaction and recurring revenue commencing in 2H FY24.

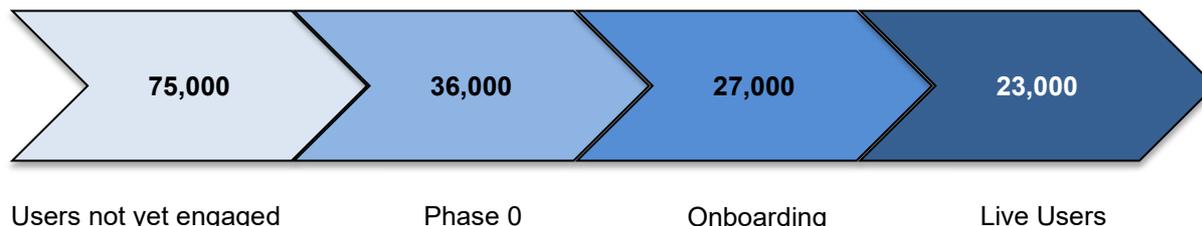


During the quarter (ref ASX release 14 February 2023) the Company signed a three-year contract with Australian Securities and Investments Commission (ASIC) secured under the GovERP deed, with the option of a three-year extension. The contracts has a TCV of \$650k for onboarding, implementation, and support services. Transaction and SaaS recurring revenue to drive additional revenue over the term of the contract. The contract will see over 2,000 users migrate to the GovERP template which provides a unified solution for the whole of Government Travel and Expense management requirements.

The ASIC and Department of Veterans' Affairs contracts take the total value of implementation revenue secured under the GovERP Deed to over \$5.5 million (inc-GST), with 23,000 live users and 22,000 currently in the on-boarding phase.

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.

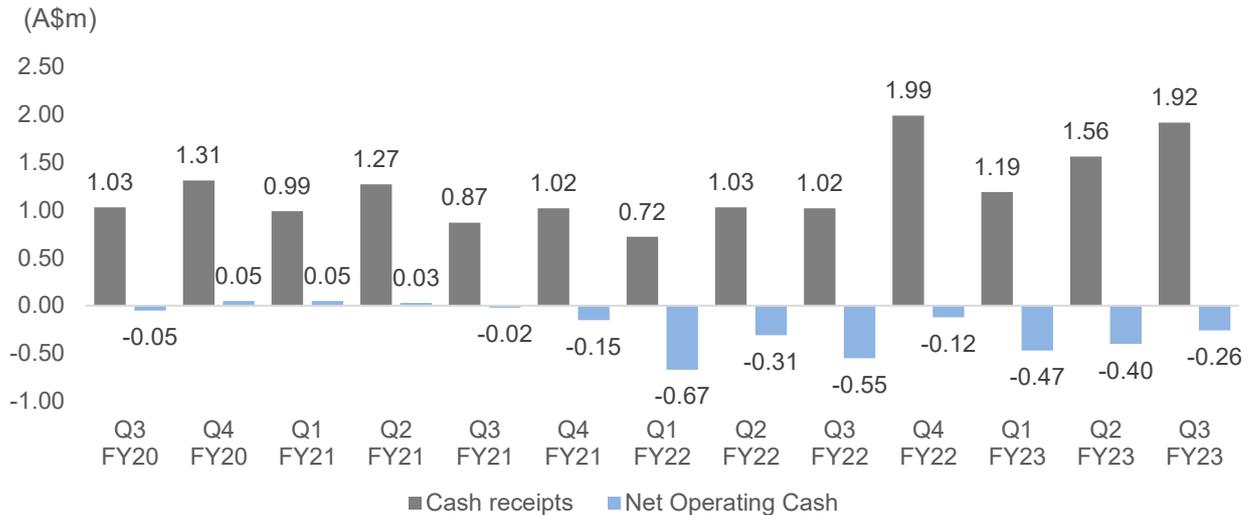
The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$2,154k for the quarter, up from \$1,943k in the prior quarter. The increase in corporate cost reflects the costs associated with partners who are involved in the on-boarding of entities under the GovERP program as well as partners conducting the Phase 0.

The company has also invested into cyber security and infrastructure initiatives in FY23 to provide for an increase in system usage driven by the GovERP go-lives. This investment is forecast to be complete by the end of FY23 and when coupled by the increase in new transaction revenue from the GovERP go-lives is anticipated to transition the Company towards a position of positive and sustainable cashflow generation.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$108k 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 \$1.7 million as at 31 March 2023.

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. With 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 153,000 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 March 2023

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	1,916	4,669
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(24)	(57)
(d) leased assets		
(e) staff costs	(670)	(1,770)
(f) administration and corporate costs	(1,484)	(3,979)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	9
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	(259)	(1,128)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(60)	(103)
(d) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(e) intellectual property	-	(453)
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(g) entities		
(h) businesses		
(i) property, plant and equipment		
(j) investments	87	87
(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	27	(469)

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	1,888	3,253
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(259)	(1,128)

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)	27	(469)
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	1,656	1,656

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	1,656	1,888
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)	1,656	1,888

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**

108

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)	(259)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,656
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,656
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6.4

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: 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:28 April 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.