

## Record SaaS revenue and a return to positive cashflow

### December 2023 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 December 2023 (2Q FY24).

#### Key financial highlights for 2Q FY24 include:

- Record quarterly transaction and recurring SaaS revenue of \$1.1million, up 23% on the previous corresponding period (PCP) and 6% on the prior quarter
- Cash receipts from operations of \$2.7 million, up 75% vs PCP as the Company collected key milestone payments for Government implementation work
- Total revenue for 2Q FY24 of \$2.2 million up 25% on the PCP
- The Company returned to positive cashflow with an operational cash of \$6k for the period
- Annualised Recurring transaction and SaaS Revenue (ARR) of c.\$4.7 million at 31 December 2023 (\$3.7 million at 31 December 2022)
- ARPU of \$26.39, up 27% vs PCP
- Federal Government ARPU of \$48.61 for the period, an important indicator of future revenue growth given the increasing number of federal government users to be on-boarded
- Cash balance of \$0.8 million at 31 December 2023 (30 September 2023: \$0.7 million).

#### Key operational highlights include

- The Fair Work Commission and The Office of the Commonwealth Ombudsman have both signed contracts to onboard to the Government version of the Expense8 platform, in addition to the Murray Darling Basin Authority who signed a contract post quarter end
- ASIC, the Department of Veterans' Affairs and IP Australia have all gone live with Expense8 adding approximately 8k users
- Continued momentum in inbound enquiries for Expense8 post the shift in the ERP policy of the Australian Government (refer ASX release 29 November)
- Cornerstone CardHero customer, Life Without Barriers, has signed a one-year extension with an estimated value of c\$300k
- CardHero has secured an additional client, with a contract signed with disability support service, Interactive Community Care
- The Company accelerated product delivery initiatives to deliver upgraded card application and FedGov Protect modules along with a strategic investment to enhance our API capabilities and further uplift infrastructure to prepare for Federal Government "Protected" status.

	2QFY23	1QFY24	2QFY24	% Change (QoQ)
<b>Total Revenue (A\$k)</b>	1,791	1,888	2,253	26%
<b>SaaS &amp; Transaction Revenue (A\$k)</b>	920	1,063	1,132	23%
<b>Number of users (k)</b>	175	173	173	0%
<b>ARPU – Federal Government (A\$)</b>	53.88	48.24	48.61	-10%
<b>ARPU – Total (A\$)</b>	20.97	25.26	26.39	+26%

**8common CEO, Andrew Bond said** “We are completing 1H FY24 with strong growth and new mandates to sustain momentum in to the second half of FY24. The continued growth in our SaaS & transaction revenue, which is up over 100% over the past 2 years, reflects the growing scale of our business within Federal & State Governments as well as large enterprises. With over \$8m in revenue generated in the past four quarters (an increase of 51% on previous 4 quarters) and upwards of 54,000 users currently in Phase 0 or onboarding Expense8 stages we expect the SaaS revenue to continue to grow. Importantly, we returned to positive cashflow during the quarter as we worked on initiatives to reduce the timing mismatch that we had previously flagged between client onboarding expenses and cash receipts.

We are confident that the quality and security of the Expense8 platform will see it remain as the solution of choice for Federal Government departments. Our CardHero solution continues to gain traction and users and we continue to see a strong pipeline. As Expense8 becomes fully implemented amongst the Government entities we have recently and are currently onboarding, we anticipate an increasing utilisation rate which will lead to a material increase in SaaS revenue, as well as cashflow, in FY24.”

**Financial and operational review**

The Company delivered quarterly transaction and recurring SaaS revenue of \$1.1 million, up 23% on the PCP and 6% on the prior quarter. Total revenue for 2Q FY24 of \$2.2 million, up 26% on the PCP.

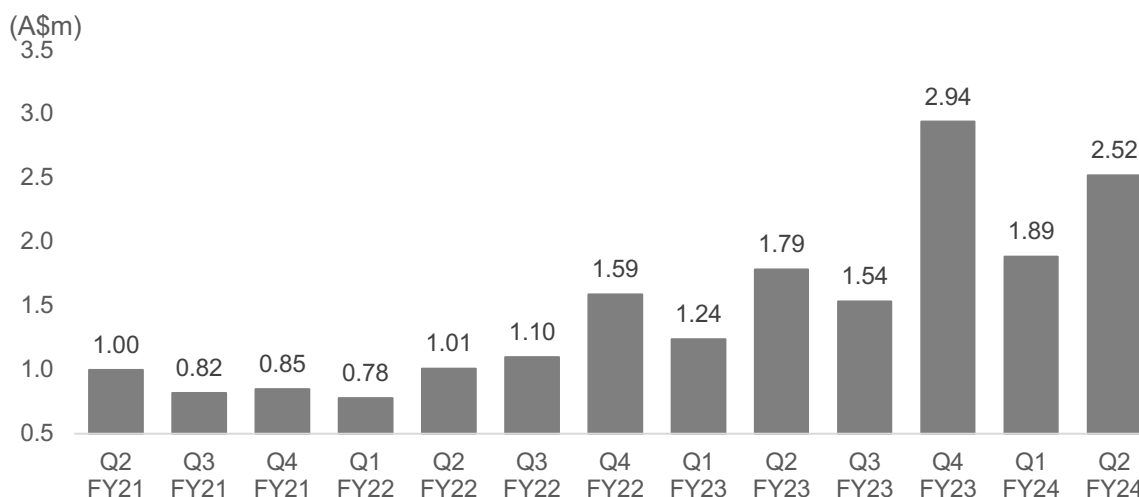
ARPU for 2QFY24 was \$26.39, up 27% QOQ, reflecting an increase in products per users and growing Federal Government exposure.

Within the broader ARPU figure, Federal Government ARPU averaged \$48.61 for the quarter. With a growing number of Federal agencies and users to be onboarded to Expense8, average ARPU is expected to continue to increase in coming quarters driving an uplift in revenue and cashflow.

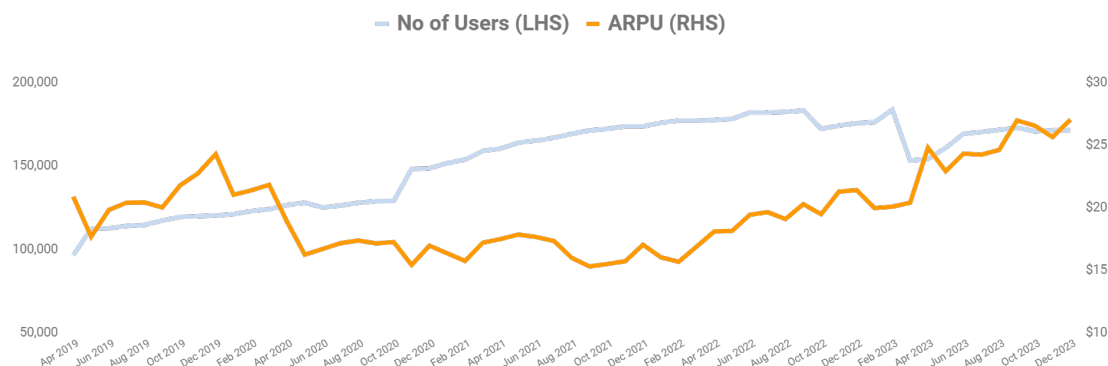
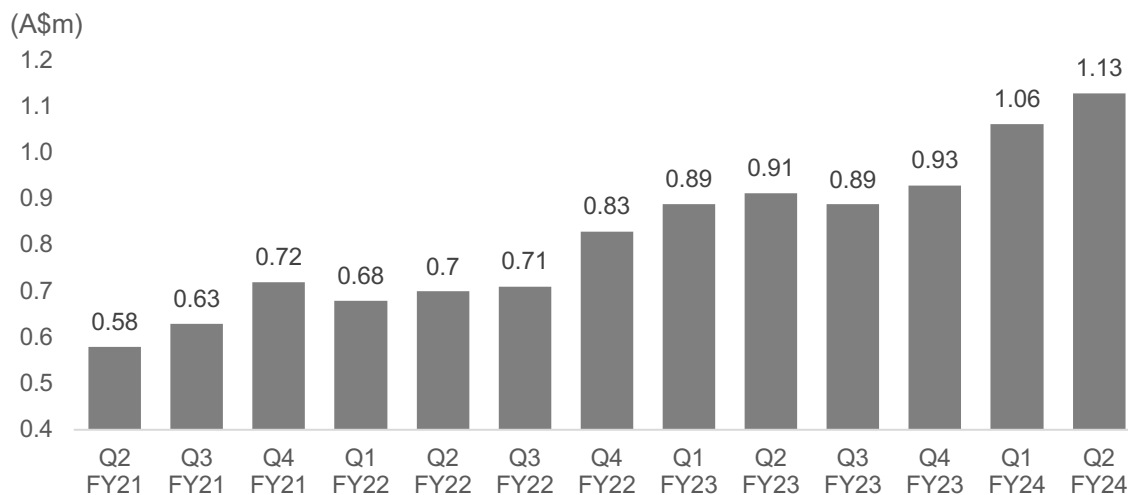
The Company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$2.7 million for the quarter, in line with the prior quarter.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$85k 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



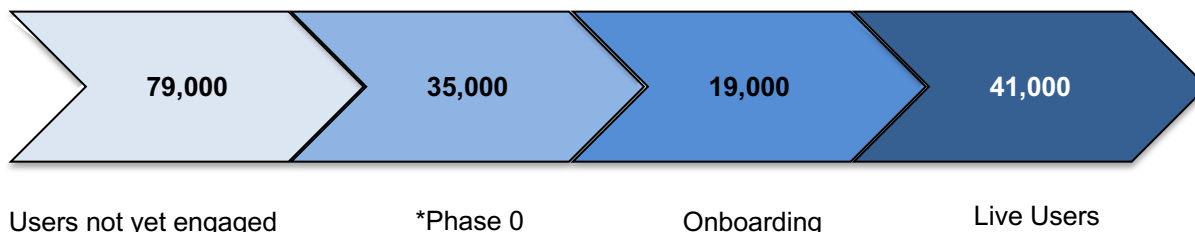
## Expense8

During the quarter the Company continued to onboard entities within Federal Government. Strong customer demand has resulted in elevated on-boarding activity with concurrent implementation projects being executed for:

- The Fair Work Commission and The Office of the Commonwealth Ombudsman both signed contracts to onboard to the Government version of the Expense8 platform with the Murray Darling Basin Authority signing a contract post quarter end.
- ASIC, the Department of Veterans' Affairs and IP Australia have all gone live with Expense8 adding approximately 8k users.
- 8CO has received a significant increase in inbound enquiries for Expense8 over the last two months following the shift in the ERP policy of the Australian Government (refer ASX release 29 November)

**Fed Gov onboarding pipeline (as at 24 January 2024)**

*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](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. Cornerstone customer, Life Without Barriers, has signed a one-year extension for CardHero with an estimated value of c\$300k.

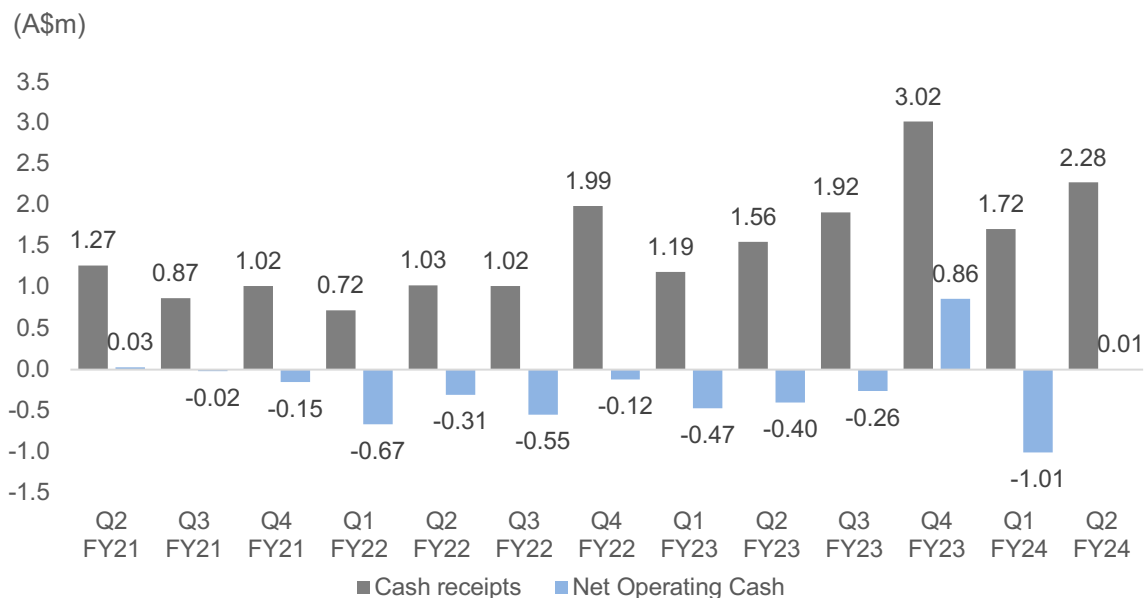
CardHero has secured an additional client, with a contract signed with disability support service, Interactive Community Care

CardHero continues to receive inbound enquiries from not-for-profits, corporate and government agencies seeking a solution for their fund distribution requirements. CardHero contributed \$65k to recurring SaaS and transaction revenue during the quarter (up 142% vs PCP).

**Cash Flow performance**

The Company returned to positive cashflow and delivering net cash in flow from operations for 2Q FY24 of \$7k. The improved cashflow performance reflected strategies implemented to address the previously flagged timing discrepancies associated with implementation costs of onboarding entities and the collections of work milestones. Cash flow is anticipated to continue to improve in coming quarters as milestone payments are received for implementation costs incurred.

The Company has a cash position of \$0.8 million as at 31 December 2023. The cash position is also supported by a \$1.5m financing facility from the Executive Chairman which ensures the Company continues to remain adequately funded.



## Outlook

The Company continues to expand its presence amongst government, not for profit and large enterprises. As more Federal Government and large enterprise entities progress to the on-boarding phase of Expense8, 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 FY24 and beyond, delivering material revenue growth for the Company and driving the business towards sustainable positive cashflow.

## Further information

### Corporate

Nic Lim  
[nic@8common.com](mailto:nic@8common.com)  
 Executive Chairman

### Investors

Craig Sainsbury  
[craig.sainsbury@atomicgroup.com.au](mailto:craig.sainsbury@atomicgroup.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.

# 8common

---

Its growing client base of more than 170,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 163 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 2023

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	2,729	4,445
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(18)	(36)
(d) leased assets		
(e) staff costs	(561)	(1,014)
(f) administration and corporate costs	(2,161)	(4,421)
1.3 Dividends received (see note 3)		
1.4 Interest received	17	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)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>6</b>	<b>(1,002)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		(103)

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments	110	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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>110</b>	<b>7</b>

<b>3. Cash flows from financing activities</b>		
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)		
<b>3.10 Net cash from / (used in) financing activities</b>		

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	698	1,809
4.2 Net cash from / (used in) operating activities (item 1.9 above)	6	(1,002)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	110	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	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>814</b>	<b>814</b>

<b>5.</b>	<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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	814	698
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>814</b>	<b>698</b>

**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

<b>Current quarter \$A'000</b>
85

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**

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	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)	6
8.2	Cash and cash equivalents at quarter end (Item 4.6)	814
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)	2,314
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	N/A

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: .....24 January 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.