

Record SaaS revenue, increasing ARPU and growing user numbers

Fintech company 8common Limited (**8common** or the **Company**) (ASX: **8CO**), is pleased to release its results for the six months to 31 December 2023 (1HFY24).

Highlights:

- Record transaction and recurring SaaS revenue of \$2.2 million, up 19% on 1HFY23
- Total revenue for 1HFY24 of \$4.2 million up 37% on 1HFY23
- Cash receipts from operations of \$4.4 million, up 61% on 1HFY23 as the Company collected key milestone payments for Government implementation work
- Net cash outflow of \$1.0 million as the Company invested in achieving the Federal Government “Protected” infrastructure status and experienced timing mismatches between external contractor costs and implementation milestone billing and payments
- Annualised Recurring transaction and SaaS Revenue (ARR) of c.\$4.7 million at 31 December 2023 (\$3.7 million at 31 December 2022)
- Cash balance of \$0.8 million at 31 December 2023
- Strong customer demand has resulted in elevated on-boarding activity with concurrent implementation projects being executed across multiple entities
- Cornerstone CardHero customer, Life Without Barriers, has signed a one-year extension with an estimated value of c\$300k
- 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.

SUMMARY FINANCIAL RESULTS	SIX MONTH PERIOD TO 31 DECEMBER			
	2023	2022	CHANGE	
	\$	\$	\$	%
Revenue from SaaS (subscription and transaction)	2,156,596	1,806,742	349,854	19%
Other revenue from continuing operations	2,017,484	1,230,198	787,286	64%
Total Revenue	4,174,080	3,036,940	1,137,140	37%
Total Expenses (inc Cost of services)	(6,125,103)	(4,284,586)	(1,840,517)	43%
EBITDA	(1,680,283)	(836,332)	(843,951)	(101%)
Loss for the period	(1,951,023)	(1,247,646)	(703,377)	(56%)
Operating cashflow	(1,001,682)	(868,949)	(132,733)	(15%)
Cash Receipts	4,444,850	2,753,754	1,691,096	61%
Cash and cash equivalents	848,255	1,888,362	(1,040,107)	(55%)

8common CEO, Andrew Bond said “The strength of our financial performance in 1HFY24 was driven by the increasing number of users we have secured with the Australian Government. To date we have over 40k live users with a further 53k in the onboarding and Phase0 stages. With the average ARPU of a government user being in excess of \$48, the continued expansion of our FedGov footprint will continue to underpin our growth. We remain confident that the quality and security of the Expense8 platform will see it remain as the solution of choice for Federal Government. And 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

Total revenue for 1HFY24 of \$4,174,080 up 37% on 1HFY23 driven by an increased level of implementation and SaaS revenue as the Company continues to secure a new contracts with a range of end customers including the Australian Federal Government.

Record transaction and recurring SaaS revenue of \$2,156,596, up 19% on 1HFY23, driven by higher ARPU and a lift in user numbers.

ARPU for 1HFY24 was \$25.26, up vs 1HFY23 reflecting an increase in products per users and growing Federal Government exposure.

Within the broader ARPU figure, Federal Government ARPU averaged \$48.24 for the period. With a growing number of Federal Government agencies and users to be onboarded, average ARPU is expected to continue to increase driving an uplift in revenue and cashflow.

The group incurred an operating loss of \$1,951,023 and an EBITDA loss for the period of \$1,680,283.

Net cash out flow from operations of \$1,001,682 is due to timing discrepancies associated with implementation costs of onboarding FedGov entities and the receipt payments of work milestones and the investment the Company made in achieving the Federal Government “Protected” infrastructure status. Cash flow is anticipated to improve in future periods as milestone payments are received for implementation costs incurred.

Key KPI highlights for the six-month period ended 31 December 2023

KPI	2023	2022	Change
Total Revenue	4,174,080	3,036,940	37%
SaaS Revenue	2,156,596	1,806,742	19%
Users	171,358	175,461	(2%)
Card Transactions	2,089,461	1,864,335	22%
Trips	23,459	23,459	240%

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. With 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

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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 (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 172,000 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/>