

ASX Release

28 February 2023

61% Revenue growth, well positioned for strong 2HFY23

Fintech company 8common Limited (**8common** or the **Company**) (ASX: **8CO**), is pleased to release its financial results for the six months ended 31 December 2022 (1HFY23).

Half Year Highlights:

- Record transaction and recurring SaaS revenue of \$1.81 million, up 31% on 1HFY22 (the previous corresponding period 'pcp')
- Total revenue for 1HFY23 of \$3.04 million, up 61% vs pcp, was a record driven by implementation revenue from the GovERP program
- ARPU of \$20.29, up 26% vs PCP
- Annualised Recurring transaction and SaaS Revenue (ARR) of c.\$3.72 million at 31 December 2022
- Net cash outflow from operations for 1HFY23 of \$0.869 million as the company continues to invest into technology to drive scale and enhance user experience
- Cash balance at 31 December 2022 of \$1.9 million (31 December 2021: \$4.9 million) providing sufficient capital for 8CO to continue executing on growth strategies
- Multiple implementation contracts, with a TCV of \$2.1 million (inc-GST), signed with the Australian Government under the GovERP program
- Federal Government entities representing over 61k users under the GovERP program have commenced or completed Phase 0 Discovery workshops which are a key pre onboarding phase for agencies on their path to adopting the GovERP template
- 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.

SUMMARY FINANCIAL RESULTS	PERIOD TO 31 DECEMBER			
	2022	2021	CHANGE	
	\$	\$	\$	%
Revenue from SaaS (subscription and transaction)	1,806,742	1,377,781	428,961	31%
Other revenue from continuing operations	1,230,198	505,387	724,811	143%
Total Revenue	3,036,940	1,883,168	1,153,772	61%
Total Expenses (inc Cost of services)	(4,284,586)	(2,809,321)	(1,475,265)	53%
Adjusted EBITDA	(740,759)	(668,564)	(72,195)	(11%)
EBITDA	(836,332)	(774,643)	(61,689)	(8%)
Loss for the period	(1,247,646)	(926,153)	(321,493)	(35%)
Operating cash outflow	(868,949)	(977,375)	108,426	11%
Cash and cash equivalents	1,888,362	4,899,687	(3,011,325)	(61%)

8common CEO, Andrew Bond said “The growth in user numbers and ARPU over the period delivered a record set of financial results. We expect the growth in these metrics to continue as we onboard new agencies under the GovERP program. Importantly, the large level of onboarding we have completed over the past 12 months will lead in to increased transaction and recurring revenue in the second half of 2023, further improving our financial metrics. We remain well capitalised to continue to capture growth, particularly from the GovERP program, and we anticipate continued increase in both user numbers and ARPU in coming quarters, driving increased revenue and propelling the Company towards positive cashflow generation.”

Financial and Operational Performance

Total revenue for 1HFY23 of \$3.04 million, up 61% vs pcp, due primarily to the increase in activity as part of the GovERP program.

Transaction and SaaS revenue grew 31% to \$1.81 million, a record half driven by a combination of growing ARPU and users. The number of users now exceeds 175k and is expected to continue to grow in coming quarters as a number of GovERP entities go live.

ARPU increased to average \$20.29 in 1HFY23, up 26% on the pcp, reflection an increase in products per users, greater levels of travel activity and growing Federal Government exposure.

Within the broader ARPU figure, Federal Government ARPU continues to increase averaging \$51.76 for the period. 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.

The Group incurred an operating loss after tax of (\$1,247,646) which included a non cash Employee Share Option expense of \$95,573. EBITDA for the period was (\$836,332).

Net cash outflow from operations for 1H FY23 of \$0.87 million, as the Company investment into cyber security and infrastructure initiatives to provide for both an increase in system usage with further GovERP go-lives and pro-active strengthening of our capabilities.

The strong recurring and transaction revenue growth during the period reflects the increased penetration of Expense8 as leading travel and expense management platform across Federal and State Governments and large enterprises.

Key KPI highlights for six months to 31 December

KPI	2022	2021	Change
Total Revenue	3,036,940	1,883,168	61%
SaaS Revenue	1,806,742	1,377,781	31%
Users	175,461*	173,526	1%
Card Transactions	1,864,335	1,147,080	63%
Trips	23,459	6,904	240%

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. 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.

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Further information

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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 solutions to support regulated, large network and high-volume requirements. CardHero helps boost compliance with smart rules and spend controls at an organisation and user level.

Its growing client base of more than 175,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 168 state and federal government entities. For more information, visit <https://www.8common.com/>