

Positive cashflow driven by record Cash Receipts and Revenue

June 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 30 June 2023 (4Q FY23).

Key financial highlights for 4Q FY23 include:

- Record total revenue for 4Q FY23 of \$2.9 million, up 87% vs pcq as the Company continues to execute on the implementation works associated with the Federal GovERP program
- Record cash receipts from operations of \$3 million, up 51.9% vs PCP and positive operational cashflow of \$167k.
- Large implementation revenues recognised in the quarter are anticipated to lead to increased SaaS revenues, improved margins and cashflow when users go live
- Quarterly transaction and recurring SaaS revenue of \$935k, up 12% on the previous corresponding period (pcq)
- Annualised Recurring transaction and SaaS Revenue (ARR) of c.\$3.9 million at 30 June 2023 (\$3.5 million at 30 June 2022)
- ARPU of \$24.29, up 21% vs PCP
- Federal Government ARPU of \$56.41 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
- Cash balance increased by \$156k at 30 June 2023 to \$1,811,569 (31 March 2023: \$1.7 million) as the Company generated positive operating cashflow for the quarter.

FY23 Highlights

- Record FY23 total revenue of \$7.5 million, up 68% vs FY22
- Cash receipts from operations of \$7.7 million and full year operating cash outflow of \$961k
- Total contracts value won in FY23 of \$12.4 million (more than the combination of contracts secured across FY20, FY21 and FY22).

Key operational highlights for 4Q FY23 include:

- Implementation agreements signed with Department of Veterans' Affairs (ref ASX release 26 April 2023), The Department of Finance (ref ASX release 2 May 2023), IP Australia and Museums of History NSW for a combined Total Contract Value (TCV) of \$2.3m
- One off services engagement for existing client NSW Department of Education for \$279k inc GST
- User numbers grew 10% QoQ to over 169k

	4QFY22	3QFY23	4QFY23	% Change (QoQ)
Total Revenue (A\$'000)	1,586	1,537	2,944	87%
SaaS & Transaction Revenue (A\$'000)	832	889	935	12%
Number of users ('000)	182	153	169	10%
ARPU – Federal Government (A\$)	47.45	46.95	56.41	20%
ARPU – Total (A\$)	19.41	20.12	24.29	21%

8common CEO, Andrew Bond said “FY2023 and in particular the recent quarter has been momentous for 8common as we posted record operating results across the board. More importantly, we recorded positive operating and group net cash-flow as the business works towards profitability. Whilst it remains premature to be able to give forecasts, the \$12.4 million in contracts closed during FY23 and robust pipeline places the Company in a very encouraging position.”

Financial and operational review

The Company delivered quarterly transaction and recurring SaaS revenue of \$935k, up 12% Quarter on Quarter (QoQ). Total revenue for 4Q FY23 of \$2.9 million, up 87% QoQ as the Company continues to execute on the implementation of the GovERP program.

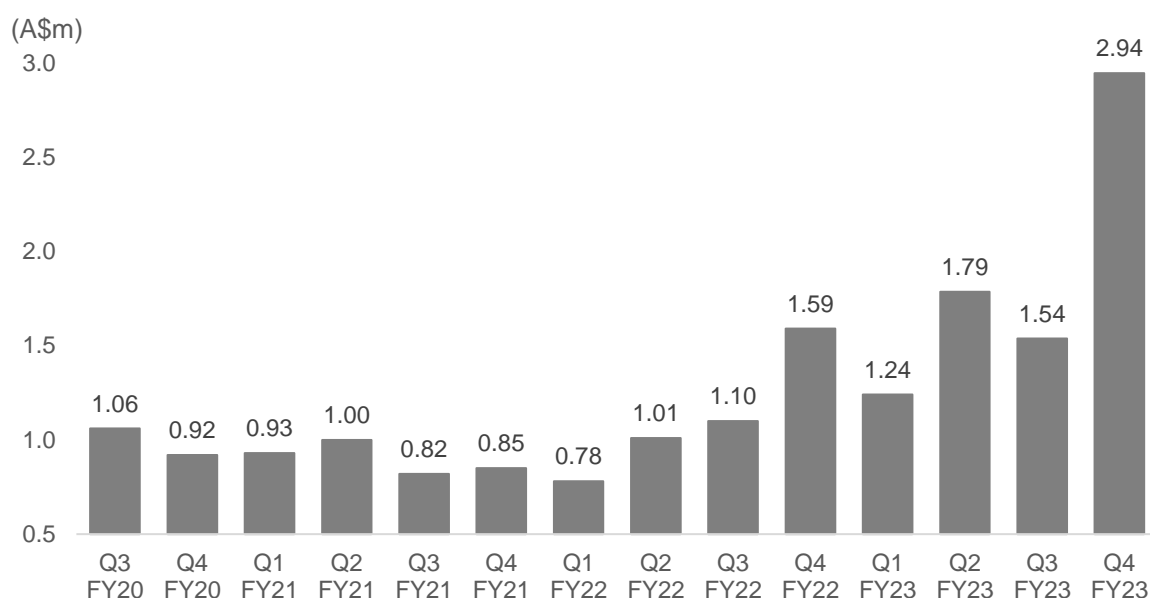
ARPU for the June quarter was \$24.29, up 21% QoQ, reflecting an increase in products per users and a growing Federal Government user base.

Within the broader ARPU figure, Federal Government ARPU ended at \$56.41 for the quarter, up 20% QoQ. With a growing number of agencies and users to be onboarded under the GovERP work package, average ARPU is expected to continue to increase in coming quarters thus driving further revenue increases.

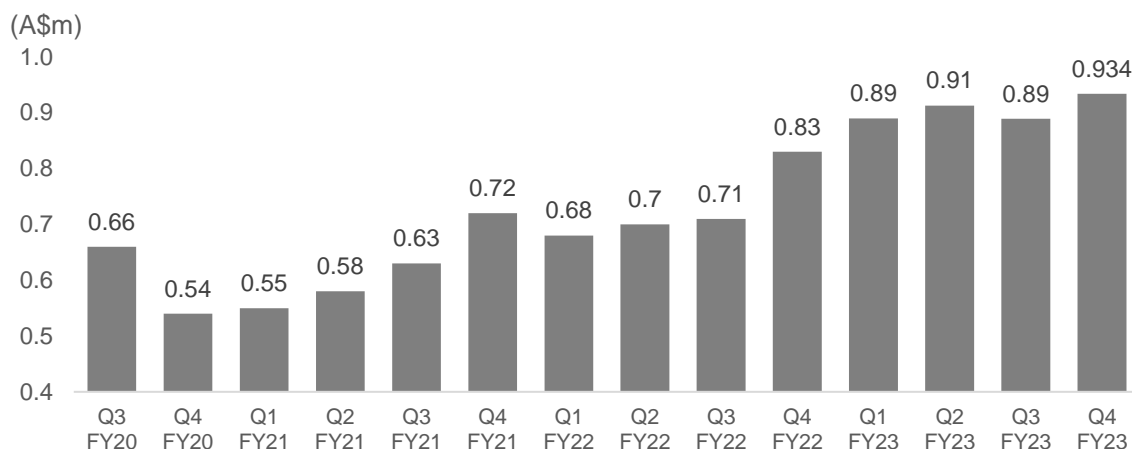
Net cash inflow from operations for 4Q FY23 was \$167k as the Company was operational cashflow positive for the quarter. Well executed investments into staff and infrastructure have resulted in record new and renewal contract wins of \$12.4 million TCV during the financial year. The contract wins and strong pipeline should extend the 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 \$39k to recurring SaaS and transaction revenue during the quarter.

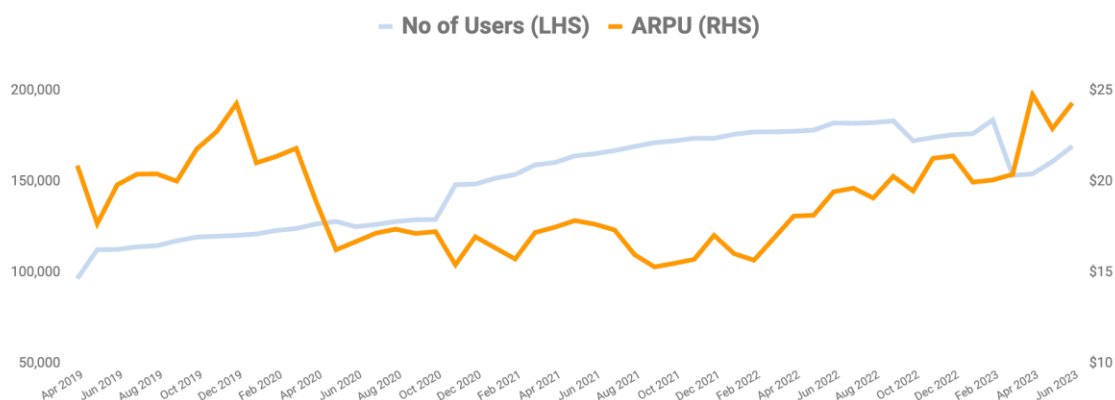
Total revenue



Recurring SaaS & Transaction revenue



Overall user numbers increased to 169k at the end of the quarter with the on-boarding of new clients.

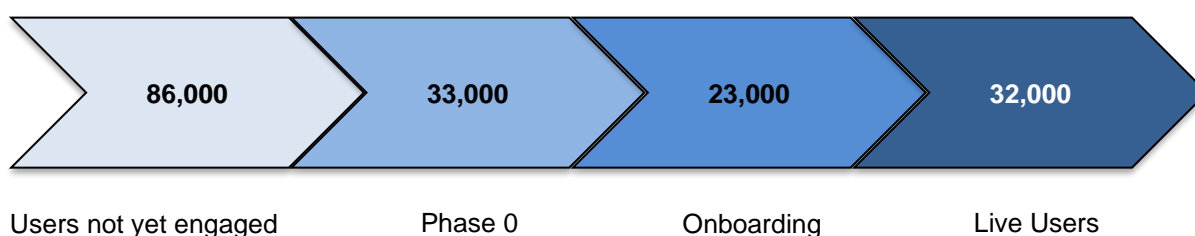


Period end ARPU of \$24.29, up 21% vs PCP driven by Federal Government ARPU of \$56.41. During the quarter the Company signed contracts with new customers the Department of Veterans' Affairs (ref ASX release 26 April 2023), The Department of Finance (ref ASX release 2 May 2023), IP Australia and Museums of History NSW for a combined TCV of \$2.3m. The contracts will see over 6,000 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 \$10.7 million (inc-GST), with 32,000 live users and 23,000 currently in the on-boarding phase.

GovERP onboarding pipeline

There are approximately 174k Total Potential Users Under the GovERP Program



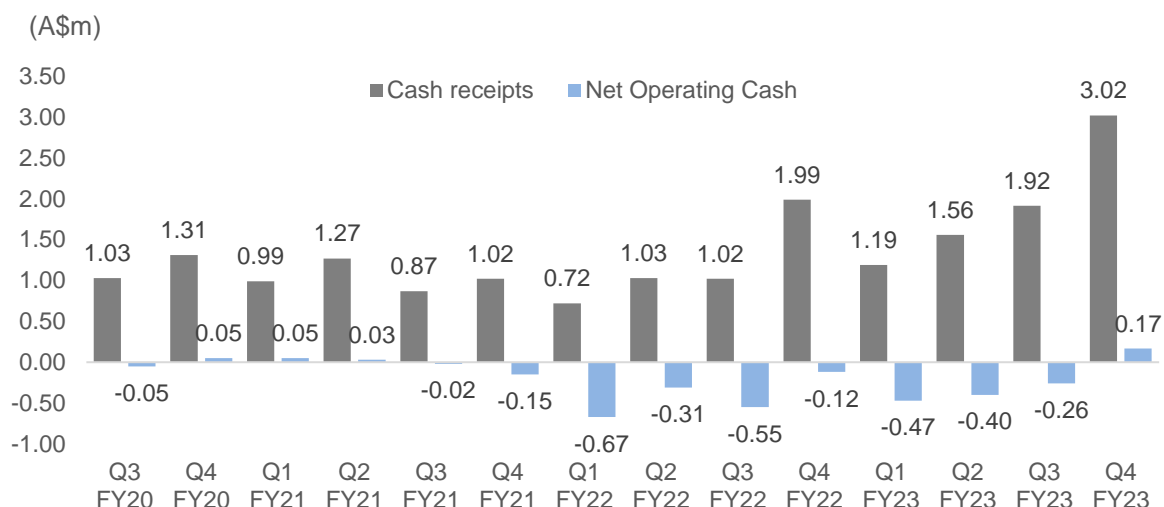
Source: https://budget.gov.au/content/bp4/download/bp4_10_staffing_of_agencies.pdf.

The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$2.84m for the quarter, up from \$2.15m 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.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$92k 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 increased its cash balance by \$156k has a strong cash position of \$1.8 million as at 30 June 2023 with no further capital requirements anticipated.

Cash Flow performance



Outlook

The Company continues to expand its presence amongst government, not for profit and large enterprises. As more entities progress through the on-boarding phase of Expense8 and into Live Users under the GovERP program, we anticipate user numbers to continue to grow in coming quarters. The growth of users on our platforms is anticipated to increase our ARPU over FY24 and beyond, delivering material revenue growth for the Company and driving profitability and further positive cash flows for the group. Furthermore, our partner program is expected to fuel our growth as we are seeing an influx of new prospects entering the pipeline through our partners, including both Government prospects and non-Government prospects (both Australian and International).

Further information

Corporate

Nic Lim
nic@8common.com
 Executive Chairman

Investors

Craig Sainsbury
craig.sainsbury@automicgroup.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.

Its growing client base of more than 169,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 162 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 2023

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		3,019	7,689
1.2 Payments for			
a. research and development			
b. product manufacturing and operating costs			
c. advertising and marketing		(24)	(81)
d. leased assets			
e. staff costs		(702)	(2,473)
f. administration and corporate costs		(2,133)	(6,112)
1.3 Dividends received (see note 3)			
1.4 Interest received		7	16
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		167	(961)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
a. entities			
b. businesses			
c. property, plant and equipment		(4)	(107)
d. investments			
e. intellectual property		-	(453)
f. other non-current assets			
2.2 Proceeds from disposal of:			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	<ul style="list-style-type: none"> a. entities b. businesses c. property, plant and equipment d. investments e. intellectual property f. other non-current assets 		87
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	(7)	(7)
2.6	Net cash from / (used in) investing activities	(11)	(480)
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	1,656	3,253
4.2	Net cash from / (used in) operating activities (item 1.9 above)	167	(961)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(480)
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	1,812	1,812

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	1,812	1,656
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)	1,812	1,656

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**

92

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**

- 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.

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

-

-

-

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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	167
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,812
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,812
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

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:11 July 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.