

Record SaaS Revenue driven by GovERP

September 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 September 2023 (1Q FY24).

Key financial highlights for 1Q FY24 include:

- Record quarterly transaction and recurring SaaS revenue of \$1.1 million, up 20% on the previous corresponding period (PCP)
- Cash receipts from operations of \$1.7 million, up 44% vs PCP
- Total revenue for 1Q FY24 of \$1.9 million up 52% on the PCP, but down on the prior quarter as the Company due to timing of revenue recognition for implementation work of Federal GovERP customers
- Strong customer demand has resulted in elevated on-boarding activity with concurrent implementation projects being executed across multiple entities including IP Australia, Department of Veteran Affairs, Department of Education, Service Delivery office Uplift (Department of Finance) Department of Climate Change, Energy, the Environment and Water, Department of Employment and Workplace Relations, NSW Museums of History and Amcor New Zealand
- The above entities are forecast to go live in the coming quarter, allowing receipt of unrecognised implementation revenue and the commencement of recurring SaaS revenue as over 14k users will be onboarded to our GovERP solution
- The Company also accelerated product delivery initiatives to deliver upgraded card application and Gov Protect modules along with a strategic investment to enhance our API capabilities and further uplift infrastructure to prepare for Federal Government "Protected" status
- Operational cash outflow of \$1.0 million due to timing mismatches between project implementation costs (includes significant third party contractors) being paid faster than the cash receipts linked to client billing milestones. Cash flow has since improved during the end of the September quarter and will continue to normalise in the current quarter given the scheduled customer go-lives.
- Annualised Recurring transaction and SaaS Revenue (ARR) of c.\$4.6 million as at 30 September 2023 (\$3.7 million as at 30 September 2022)
- ARPU of \$25.26, up 20% vs PCP
- Federal Government ARPU of \$48.24 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 of \$0.7 million at 30 September 2023 (30 June 2023: \$1.8 million). Cash as at 27 October had increased to approximately \$1.1 million due to billing completions in the month.

| | 1QFY23 | 4QFY23 | 1QFY24 | % Change (QoQ) |
|--|--------|--------|--------|----------------|
| Total Revenue (A\$k) | 1,246 | 2,944 | 1,888 | 52% |
| SaaS & Transaction Revenue (A\$k) | 894 | 935 | 1,063 | 20% |
| Number of users (k) | 183 | 169 | 173 | (6%) |
| ARPU – Federal Government (A\$) | 49.63 | 56.41 | 48.24 | (3%) |
| ARPU – Total (A\$) | 19.30 | 24.29 | 25.26 | 20% |

8common CEO, Andrew Bond said “8Common are experiencing unprecedentedly strong customer demand for our leading travel and expense management solutions. To support the multiple on-boarding projects, we have engaged contractors from tier-1 consulting firms who have the requisite security clearances and experience to work alongside our internal teams. In tandem with these efforts, we also made the strategic decisions to further invest in our infrastructure and security capabilities to support future growth and prepare for operating in a “Protected” status (for Federal Government clients). As a business our outgoings with new client on-boarding is often not matched with the cash receipts for milestone payments, resulting in some volatility in our quarterly cash flow. The timing mismatch and strategic decision to accelerate product and infrastructure enhancements contributed to a negative cashflow quarter. It is important to note that post quarter end, the cash position has improved materially thanks to completion of implementations and clients going live.

The growing scale of our business was reflected in the record \$1.1m in transaction and recurring SaaS revenue that we delivered over the quarter. We exited September with strong momentum and over \$385k of transaction and recurring SaaS revenue for the month. As our solution 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 transaction and recurring 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 20% on the PCP. Total revenue for 1Q FY24 of \$1.9 million, up 52% on the PCP, but down 35% on the prior quarter as the pace of implementation of the GovERP program slowed versus the high watermark of 4Q FY23.

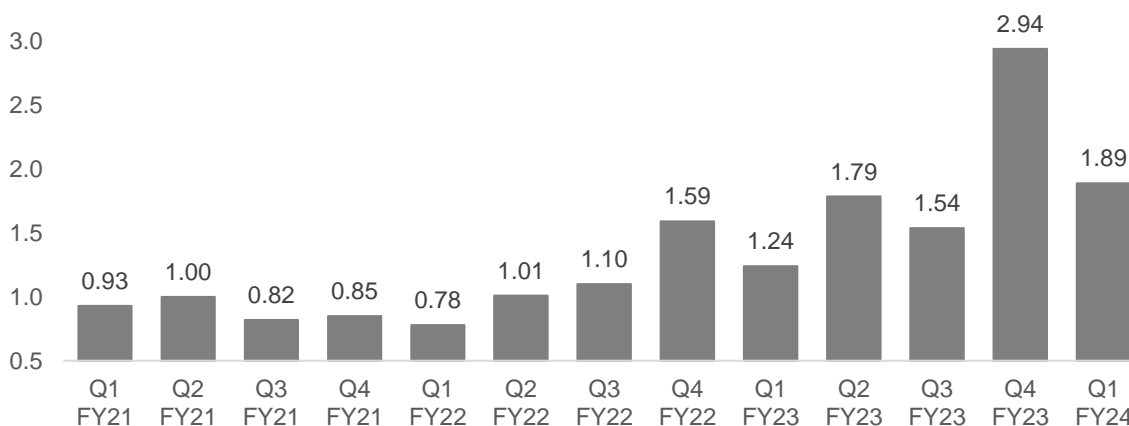
ARPU for the Sep quarter was \$25.26, up 5% QOQ, reflecting an increase in products per users and growing Federal Government exposure.

Within the broader ARPU figure, Federal Government ARPU averaged \$48.24 for the quarter (\$51.36 in the month of September). 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 driving an uplift in revenue and cashflow.

Net cash out flow from operations for 1Q FY24 was \$1.0 million due to timing discrepancies associated with implementation costs of onboarding GovERP and the receipt payments of work milestones. Cash flow is anticipated to improve in coming quarters as milestone payments are received for implementation costs incurred.

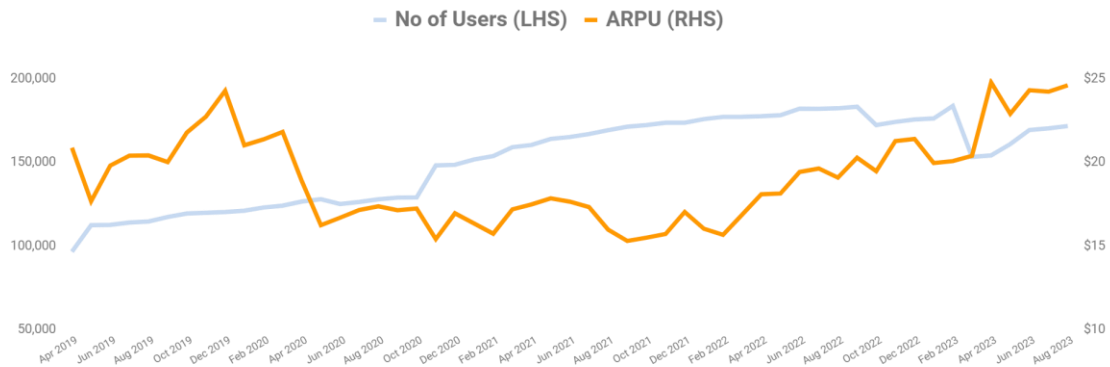
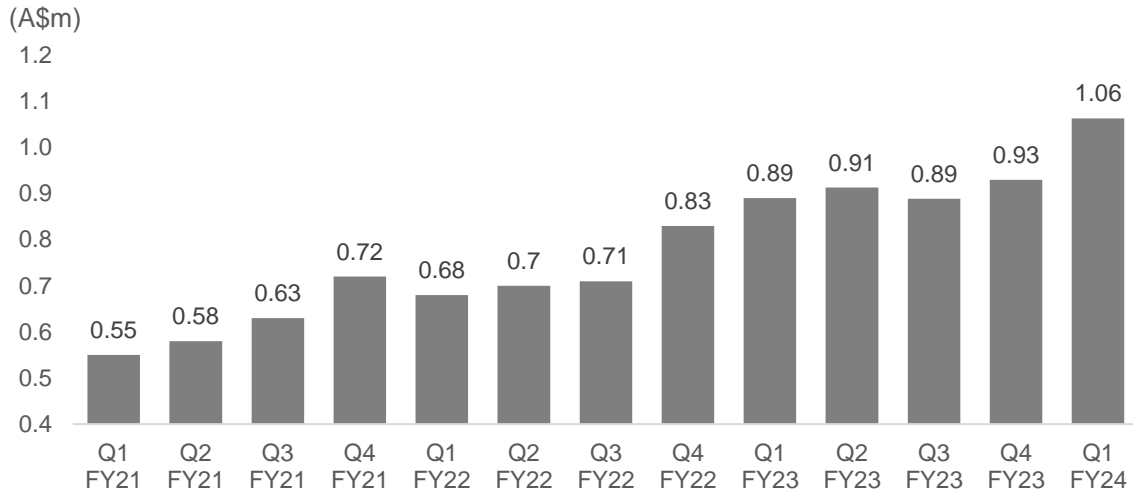
Total revenue

(A\$m)
3.5



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Recurring SaaS & Transaction revenue



During the quarter the Company continued to onboard entities under the GovERP program. Strong customer demand has resulted in elevated on-boarding activity with concurrent implementation projects being executed for IP Australia, Department of Veteran Affairs, Department of Education, Service Delivery office Uplift (Department of Finance) Department of Climate Change, Energy, the Environment and Water, Department of Employment and Workplace Relations, NSW Museums of History and Amcor New Zealand.

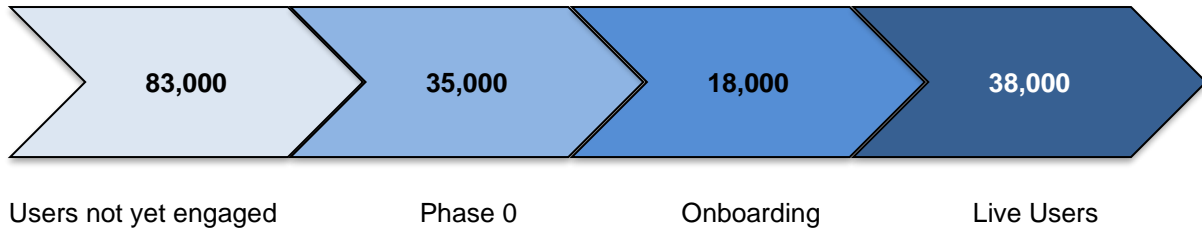
The above entities have a total implementation revenue of under the GovERP program of approximately \$6.0m, of which approximately \$4.8m has been recognised to date. Approximately 14k users will go live over the coming quarters, allowing for final payment milestones and the commencement of recurring SaaS revenue to be recognised from 2H FY24 onwards.

Department of Veterans' Affairs and IP Australia went live after the quarter ended which will add over 4k users.

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GovERP onboarding pipeline (as at 30 October 2023)

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 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 \$53k to recurring SaaS and transaction revenue during the quarter.

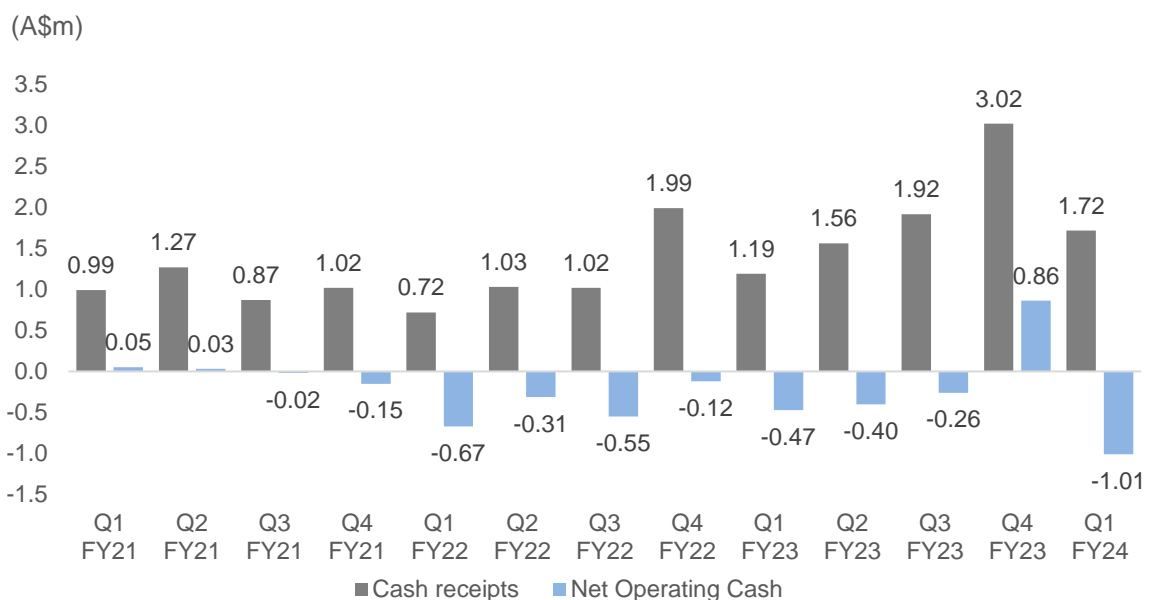
The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$2.2 million for the quarter, in line with the prior quarter.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$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 had a cash position of \$0.7 million as at 30 September 2023, which had risen to \$1.1 million on 27 October as receipts for milestone payments associated with implementations were received.

The cash position is supported by a \$1.5m financing facility from the Executive Chairman which ensures the Company remains adequately funded.

Cash Flow performance



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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 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
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 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/>

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 September 2023

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | 1,716 | 1,716 |
| 1.2 | Payments for | | |
| | a. research and development | | |
| | b. product manufacturing and operating costs | | |
| | c. advertising and marketing | (18) | (18) |
| | d. leased assets | | |
| | e. staff costs | (453) | (453) |
| | f. administration and corporate costs | (2,260) | (2,260) |
| 1.3 | Dividends received (see note 3) | | |
| 1.4 | Interest received | 7 | 7 |
| 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 | (1,008) | (1,008) |
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | a. entities | | |
| | b. businesses | | |
| | c. property, plant and equipment | | |
| | d. investments | | |
| | e. intellectual property | (103) | (103) |
| | f. other non-current assets | | |
| 2.2 | Proceeds from disposal of: | | |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| | a. entities | | |
| | b. businesses | | |
| | c. property, plant and equipment | | |
| | d. investments | | |
| | 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) | | |
| 2.6 | Net cash from / (used in) investing activities | (103) | (103) |
| 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 | 1,809 | 1,809 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,008) | (1,008) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (103) | (103) |
| 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 | 698 | 698 |

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| 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 | 698 | 1,809 |
| 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) | 698 | 1,809 |

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**

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|
| - | - |
| - | - |
| - | - |
| - | - |

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) | (1,008) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 698 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 698 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 0.7 |

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:

No. The timing of payments to suppliers and the slow receipt of customer payments has resulted in a temporary cashflow impact.

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:

The entity has entered into an agreement with Kah Wui Lim (Director) to provide a Line of Credit up to \$1.5m at commercial rates.

Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, the entity does expect to continue its operations and meet its business objectives by increasing SaaS revenue, completion of implementation of its products and growing its revenue base whilst managing its cost base.

The Company expects to continue its operations and to meet its business objectives as it is confident that it will be able to continue to raise funds as and when required.

This expectation is based on past experience and because the Company continues to have the support of its existing shareholders.

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:30 October 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.

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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.