

Financial performance and balance sheet provide platform for accelerated growth

Fintech company 8common Limited (**8common** or the **Company**) (ASX: **8CO**), is pleased to release its consolidated cashflow and business update for the half year ended 31 December 2020 (1HFY21).

Half Year Highlights:

- Total revenue (excluding Government incentives) increased to \$1.9m, an 9% increase over the previous corresponding period¹
- Recurring SaaS and transaction-based revenue of \$1.1m with an ARPU of \$16.94 as COVID-19 impacted travel and expense activity during the period
- \$2.25m in operating cash receipts (+24% vs 1HFY19) delivering an operating cash inflow of \$78k (outflow of \$191k in 1HFY19),
- \$2.3m in annualised recurring SaaS and transaction-based revenue as at 31 December 2020
- Over \$3.16m in total contract wins in FY21 to date
- Total user numbers increased 23% over the period to 148k driven by new contract wins
- Inaugural CardHero+ contract signed with not-for-profit Life Without Barriers for a three-year contract valued at \$1.6m with estimated annual SaaS revenue of ~\$500k per annum and a one-off implementation fee of \$150k
- Cash balance at 31 December 2020 was \$4.0m providing the strength to fund commercial roll out of CardHero and accelerate other growth opportunities

	PERIOD TO 31 DECEMBER			
SUMMARY FINANCIAL RESULTS	2020	2019	CHANGE	
	\$	\$	\$	%
Revenue from SaaS (subscription and transaction)	1,130,326	1,271,429	(141,103)	(11%)
Other revenue from continuing operations	800,986	499,955	301,031	60%
Government incentives (Cashflow boost and R&D grant)	50,000	279,970	(229,970)	(82%)
Total Revenue	1,981,312	2,051,354	(70,042)	(3%)
Total Expenses (inc Cost of services)	2,340,142	2,170,607	169,535	8%
Adjusted EBITDA ²	(229,801)	193,906	(423,707)	(219%)
EBITDA	(249,991)	62,091	(312,082)	(503%)
Loss for the period	(358,830)	(119,253)	(239,577)	201%
Operating cashflow	78,618	(191,919)	270,537	(141%)
Cash and cash equivalents	4,049,483	925,293	3,124,190	338%

8common CEO, Andrew Bond said “The company continued to drive topline revenue growth over the period, reflecting the growing utilisation of our expense management solutions across the government and private sectors. The strong revenue performance was of particular note given the absence of travel related income over the period which caused a 30% drop in ARPU from \$24.26 to \$16.94. However, we

¹ From continuing operations on a like for like basis, which excludes the R&D grant

² Adjusted EBITDA: \$20,189 for non cash Employee Share Option expense added back;

expect strong recovery in SaaS revenue over the remainder of FY21 driven by the 23% increase in users added to our systems via the new customer implementations during the half. A return to travel, as COVID-19 restrictions ease, will further bolster SaaS revenue in the second half.

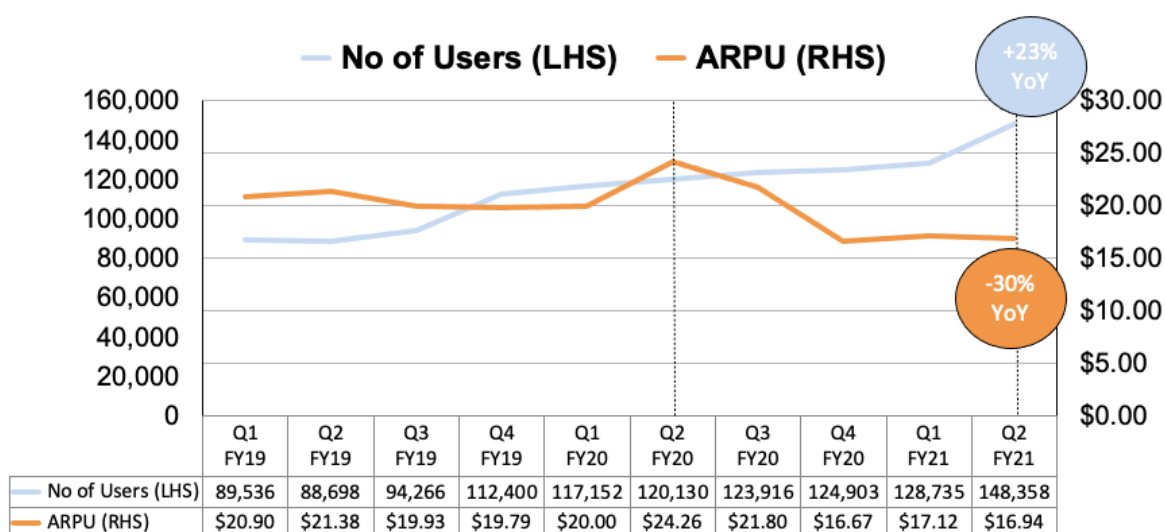
“We were pleased to sign our inaugural CardHero+ contract with not-for-profit Life Without Barriers during the half. The onboarding process has started, and we are well placed to deliver the CardHero+ platform to more end customers and capture the growth opportunity provided by CardHero’s integrated card payment, expense management and fund disbursement technology.

“With a strong balance sheet, positive cash generation, growing Expense8 demand and the development of the CardHero platform, we are forecasting a strong outlook for the company in FY21.”

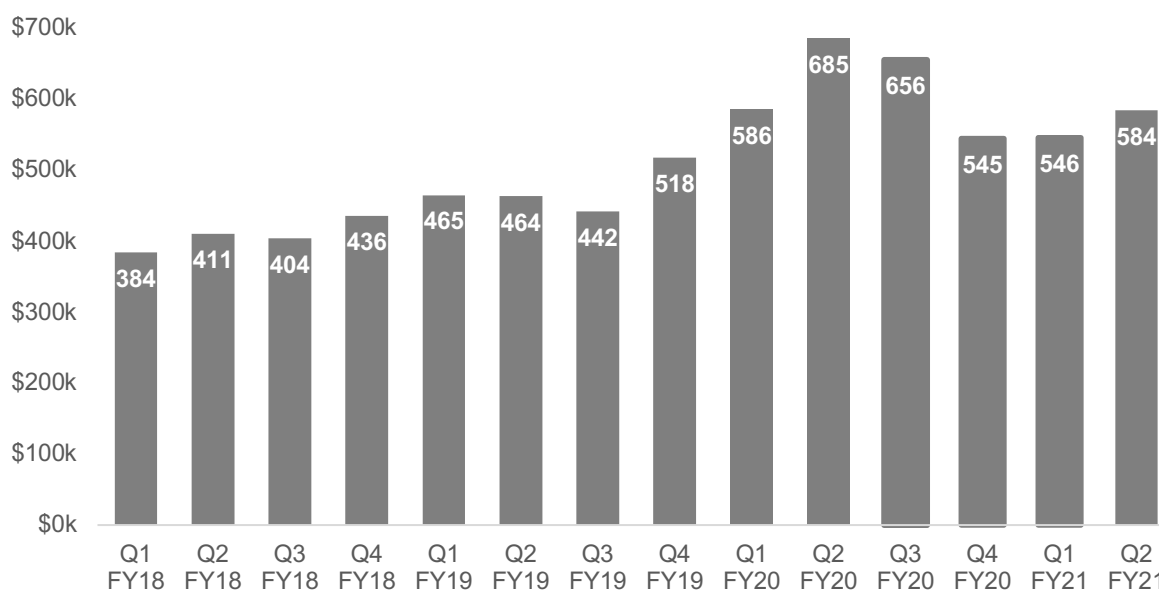
Key KPI Highlights for the period

The Expense8 travel related SaaS revenue has been significantly affected by COVID-19 with domestic and international travel restrictions. Travel activity has begun to increase with December pre-trip approvals up 100% on October levels. We will continue to ensure the safety of our team and support our clients as we have been during this challenging period. Despite the lower activity levels, 8CO’s business development initiatives and contract wins have driven an increase in users to over 148k. The recent contract wins, and larger user base will provide the foundation for future growth as travel and expense activity rebound from the impacts of COVID-19.

KPI	1H FY21	1H FY20	Change
Users	148,358	120,130	23%
Card Transactions	990,290	1,723,952	(43%)
Trips	3,593	20,191	(82%)
ARPU	\$16.94	\$24.26	(30%)



Recurring SaaS & Transaction revenue



Revenue of \$1.9m driven by strong implementation activity

8common delivered a strong first half results; total revenue (excluding Government incentives) increased by 9% versus the previous corresponding period to \$1.9 million. The Company experienced a solid half of customer implementations having onboarded six new agencies providing \$346k in implementation revenue. Implementations continue to be a precursor for future recurring revenue, and it is expected that the new agencies onboarded will start contributing to revenue in the second half of the financial year. Recurring and SaaS based revenue was down 11% versus the pcp reflecting the impact that work from home and travel restrictions had on business activities and revenue. As travel activity recovers, 8common expects to generate increased travel related expense revenue in the second half.

CardHero Implementation at Life Without Barriers

8common announced the \$1.6 million, three-year Life Without Barriers contract on 24 December 2020. The contract incorporates an implementation fee of \$150k and approximately \$500k per annum in transaction fees. Life Without Barriers plan to utilise CardHero+ to disburse funds and manage expenses from this contract to roll out 3,500 cards across 380 disability care homes across Australia. During the half, 8CO recognised \$77k of direct costs in association with the legal and EML onboarding of the CardHero platform.

Executive Chairman Nic Lim said: "We are very excited as the CardHero rollout progresses through to the mature stages. The collaborative relationships which include our Mastercard issuer EML and Life Without Barriers have provided for a highly productive and efficient process."

CardHero delivers multiple growth options

CardHero+ will enable a streamlined funds disbursement platform and expense management system for Life Without Barriers. This platform will provide a seamless funds and expense management process for the end user, reducing administrative time spent on validating and reconciling expenses and streamlining the distribution of funds.

In addition to Life Without Barriers, we have been actively engaging with other not-for-profit NDIS service providers, as well as existing Expense8 customers for the use of the CardHero solution and we look forward to providing further updates in due course.

Strong Balance sheet to fund growth

The Company has a total cash balance of \$4.0 million following the \$2.25 million capital raise completed in October and has delivered three quarters of positive cashflow. 8common is well funded to progress with the roll out of CardHero, product developments and is well-positioned to assess opportunities for strategic acquisitions of related and complimentary products.

Outlook

Over the remainder of FY21 the company will focus on:

- Organic revenue growth through new agency wins, uplift in users and increase in average revenue per user (ARPU);
- Leverage existing relationships to cross sell products;
- Execute on the CardHero strategy and roll out the product across more customers;
- Expand our border client footprint; and
- Develop partner ecosystems to scale distribution into new markets.

The Company has a strong outlook for the remainder of the financial year with a significant pipeline of potential revenue growth via the implementation of our technology across State, Federal, Not-For-Profits and Corporate clients.

This release has been approved by the Board of 8common.

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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 products being PayHero (procurement payment gateway) and CardHero (pre-paid card fund distribution) deliver closed loop solutions to support regulated, large network and high volume requirements. 8common's specialises in large enterprise and government segments.

Its growing client base of more than 151,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 120 state and federal government entities. For more information, visit <https://www.8common.com/>