

## **SaaS revenue growing as travel activity continues to normalise**

### **March 2021 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 31 March 2021 (3Q FY21).

#### **Key financial highlights include:**

- Quarterly recurring SaaS and transaction-based revenue of \$634k, up 8.5% on 2Q FY21 as business activity continues to normalise post the impact of COVID-19 on travel and credit card transactions
- Total quarterly revenue of \$819k, down on the prior quarter due to the lower level of implementation revenue
- \$868k in operating cash receipts and operating cash outflow of \$17k, reflecting the previously disclosed investment required in the roll out of the CardHero platform
- Annualised recurring SaaS and transaction-based revenue of over \$2.7m in March
- Cash balance at 31 March 2021 was \$3.6m (31 December 2020: \$4.0m). The reduction in cash reflected the expenditure required to fund the commercial roll out of CardHero

#### **Key operational highlights include:**

- In the December quarter, the Company signed an inaugural \$1.6m contract with not-for-profit Life Without Barriers for CardHero+. The roll out is progressing well with initial beta card roll out scheduled for April 2021. The Company continues to assess further high-quality commercial opportunities for CardHero
- The return of travel activity has driven continued improvement in revenue with over 6,800 trips recorded during the quarter as compared to approx. 2,400 trips in the December quarter. The return of travel activity over the remainder of CY21 will be a significant revenue driver
- User levels continue to increase to over 157k (up over 25% over the past 12 months)
- NSW Department of Education (NSW DoE) extended its contract with Expense8 for an additional two years, representing estimated revenue of \$960,000 (exclusive of GST). NSW Department of Justice and Communities and Federal Court of Australia exercised one year options to extend their respective contracts

8common CEO, Andrew Bond said “The March quarter saw a continued normalisation of travel and business activities which provided positive momentum for our business. Client growth continued with over \$4.1m in new contracts won so far in FY21.

We continue to fast-track our investment in developing CardHero and expand our groupwide support resources given anticipated scale requirements.

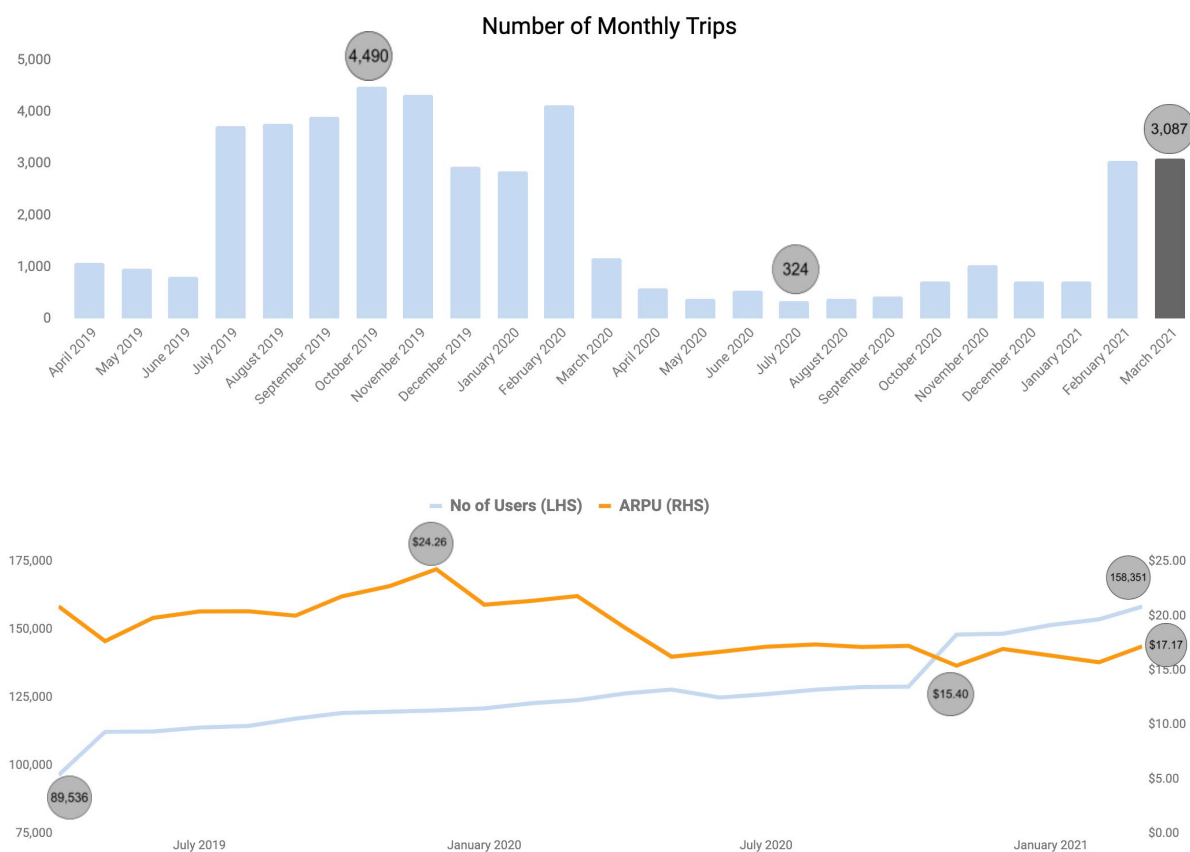
The onboarding of our inaugural CardHero+ contract with not-for-profit Life Without Barriers commenced during the quarter and continues to be executed in line with our projections. The scale and sophistication of disbursement programs amongst not-for-profits, charities and grant programs has driven the requirement for more advanced solutions like CardHero. We are well placed to address and capture this growth opportunity through our CardHero platform and have fast-tracked our investment in developing CardHero.

With a strong balance sheet, growing Expense8 demand and the development of the CardHero platform, we are forecasting a strong outlook for the Company for the remainder of FY21 laying a solid foundation for strong growth in FY22.”

## Financial and operational review

Total revenue for the quarter decreased by 22% over pcq to \$819k reflecting the impact of COVID-19 on Q3 FY21 numbers versus the pcq figures which were broadly un-impacted. Recurring SaaS revenue of \$634k was up 8.5% versus Q2 FY21 as travel and expense activity continued to normalise. The improved business activities in NSW and the ACT are continuing to drive a pickup in activity levels. The go-live of the five Federal Government agencies signed in the December quarter has had a positive impact on the recurring revenue base.

The return of travel activity has been a significant driver in the improvement in revenue with over 3,000 trips recorded in February and March, as compared to 727 trips in January. User levels continue to increase to over 158k (up over 28% over the past 12 months)



The previously announced \$1.6m, three-year Life Without Barriers contract continues to progress towards implementation. 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 across over 3,500 cards representing 380 disability care homes across Australia.

Life Without Barriers provides a range of services under the National Disability Insurance Scheme (NDIS) in every Australian state and territory. The NDIS gives people choice and control over their supports. It is designed to help people with daily living tasks, achieve their goals and build connection to their community. In 2019, Life Without Barriers supported 6,098 people with disability out of whom 4,043 people are participants of the NDIS.

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, a broader opportunity exists to provide the CardHero product to other not-for-profits NDIS service providers, resulting in a significantly wider market opportunity for the CardHero offering.

The CardHero and CardHero+ platforms have two distinctive use cases and clients:

- CardHero is an integrated card payment and expense management solution for government and large enterprise clients
- CardHero+ is an integrated fund disbursement and spend management solution for use by Not-for-Profits and educational institutions to disburse funding and reconcile transactions

The CardHero platforms combine EML Payments (ASX:EML) issued pre-paid Mastercards with 8common's Expense8 spend reconciliation solution. CardHero leverages the Expense8 platform which serves over 150 government entities, large corporates including Woolworths, Amcor and others.

The Company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$899k for the quarter, down from \$1,242k in the previous quarter given the seasonal slowdown in implementation activity and costs during the March quarter.

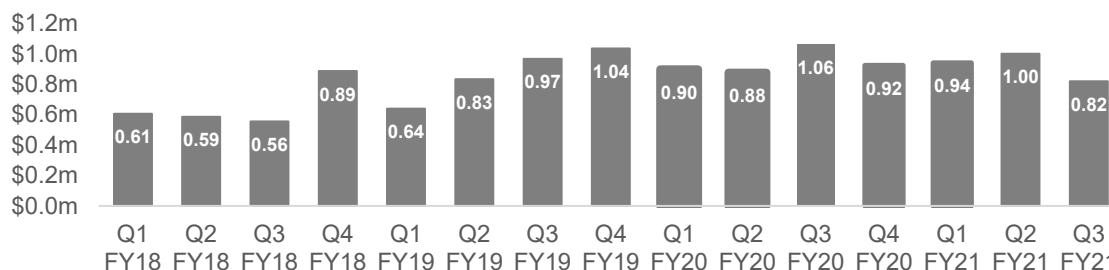
Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$98k during the quarter (see section 6 of the Appendix 4C). No other payments were made to any related parties or their associates of the entity.

## Revenue Model

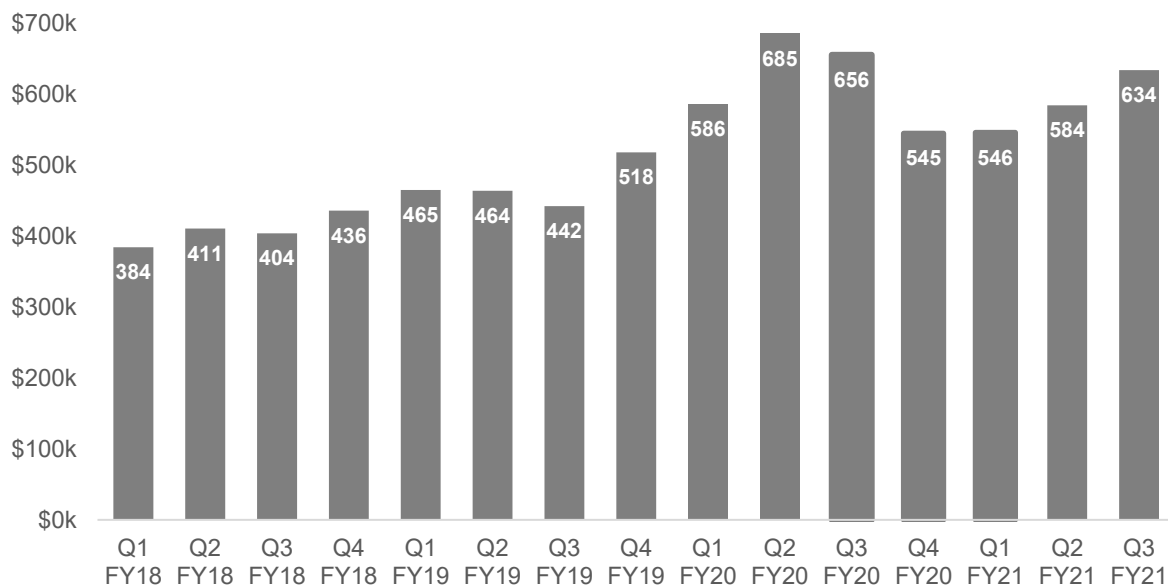
8CO technology facilitates the processing, reconciliation and compliance of employee generated financial transactions. The Company generates revenue from three areas:

- Recurring Software as a Service (SaaS) revenue: The Company provides access to the Expense8 travel and expense management software under a monthly or annual subscription model. The majority of the contracts are on a subscription basis with a smaller proportion of the contract's revenue based on usage.
- Implementation revenue: The fee 8CO charge for the onboarding work required to integrate Expense8 platform into the customers systems.
- Other revenue: Primarily derived from fees charged for any requested changes required in the Expense8 platform by customers post installation.

## Total revenue

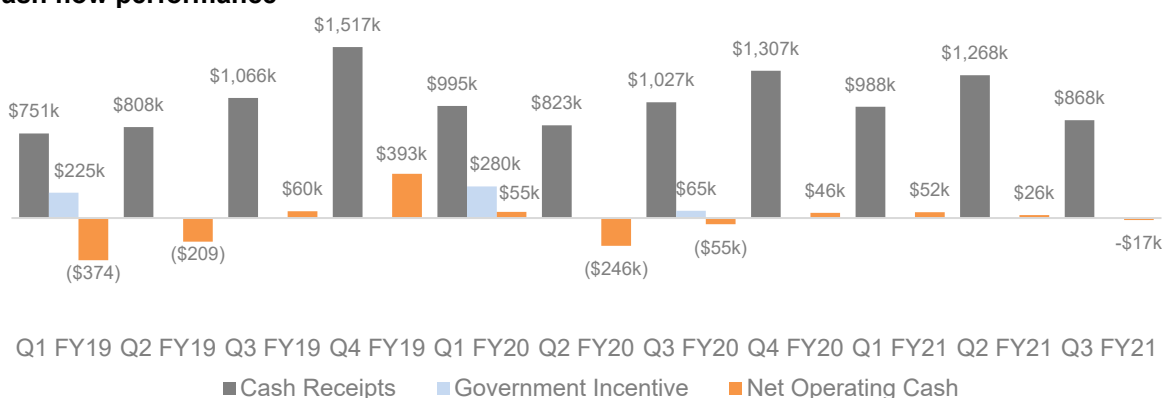


## Recurring SaaS & Transaction revenue



The Company generated a net operating cash outflow of \$17k for the period and invested \$405k in the development of intellectual property associated with the CardHero product offering. The Company has a strong cash position of \$3.6 million as at 31 March 2021.

## Cash flow performance



## Outlook

The Company continues to deliver thanks to a significant pipeline of potential revenue growth via the implementation of our technology across State and Federal Government entities, Not for profits and Corporate clients. The CardHero and CardHero+ products are a significant engine of growth and will further expand the client footprint of the Company. Our near neutral operational cash flow generation, robust balance sheet and strong pipeline of Expense8 and CardHero growth opportunities are expected to support a strong remainder of FY21 and provide the platform for continued growth into FY22 and beyond.

## Further information

### Corporate

Nic Lim  
[nic@8common.com](mailto:nic@8common.com)  
Executive Chairman

### Investors

Craig Sainsbury  
[craig.sainsbury@marketeye.com.au](mailto:craig.sainsbury@marketeye.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 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 158,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 153 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")

31 March 2021

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|-----------------------------------------------------------|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               | 868                        | 3,125                                 |
| 1.2 Payments for                                          |                            |                                       |
| (a) research and development                              |                            |                                       |
| (b) product manufacturing and operating costs             |                            |                                       |
| (c) advertising and marketing                             | (17)                       | (44)                                  |
| (d) leased assets                                         |                            |                                       |
| (e) staff costs                                           | (432)                      | (1,459)                               |
| (f) administration and corporate costs                    | (436)                      | (1,561)                               |
| 1.3 Dividends received (see note 3)                       |                            |                                       |
| 1.4 Interest received                                     |                            |                                       |
| 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)                   |                            |                                       |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(17)</b>                | <b>61</b>                             |
| <b>2. Cash flows from investing activities</b>            |                            |                                       |
| 2.1 Payments to acquire:                                  |                            |                                       |
| (a) entities                                              |                            |                                       |
| (b) businesses                                            |                            |                                       |
| (c) property, plant and equipment                         |                            | (15)                                  |
| (d) investments                                           |                            |                                       |
| (e) intellectual property                                 | (405)                      | (405)                                 |

| Consolidated statement of cash flows |                                                                                                                                                                                                                   | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------------------|
| 2.2                                  | (f) other non-current assets<br>Proceeds from disposal of:<br>(g) entities<br>(h) businesses<br>(i) property, plant and equipment<br>(j) investments<br>(k) intellectual property<br>(l) 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                                  | <b>Net cash from / (used in) investing activities</b>                                                                                                                                                             | <b>(405)</b>               | <b>(420)</b>                          |

|           |                                                                                         |           |              |
|-----------|-----------------------------------------------------------------------------------------|-----------|--------------|
| <b>3.</b> | <b>Cash flows from financing activities</b>                                             |           |              |
| 3.1       | Proceeds from issues of equity securities (excluding convertible debt securities)       |           | 2,250        |
| 3.2       | Proceeds from issue of convertible debt securities                                      |           |              |
| 3.3       | Proceeds from exercise of options                                                       | 14        | 14           |
| 3.4       | Transaction costs related to issues of equity securities or convertible debt securities |           | (124)        |
| 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      | <b>Net cash from / (used in) financing activities</b>                                   | <b>14</b> | <b>2,157</b> |

|           |                                                                              |       |       |
|-----------|------------------------------------------------------------------------------|-------|-------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |       |
| 4.1       | Cash and cash equivalents at beginning of period                             | 4,049 | 1,843 |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (17)  | 79    |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (405) | (15)  |

| Consolidated statement of cash flows |                                                                     | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--------------------------------------|---------------------------------------------------------------------|----------------------------|---------------------------------------|
| 4.4                                  | Net cash from / (used in) financing activities<br>(item 3.10 above) | 14                         | 2,143                                 |
| 4.5                                  | Effect of movement in exchange rates on<br>cash held                | -                          | -                                     |
| 4.6                                  | <b>Cash and cash equivalents at end of<br/>period</b>               | <b>3,641</b>               | <b>4,049</b>                          |

| 5.  | Reconciliation of cash and cash<br>equivalents<br>at the end of the quarter (as shown in the<br>consolidated statement of cash flows) to the<br>related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| 5.1 | Bank balances                                                                                                                                                                 | 3,641                      | 4,049                       |
| 5.2 | Call deposits                                                                                                                                                                 |                            |                             |
| 5.3 | Bank overdrafts                                                                                                                                                               |                            |                             |
| 5.4 | Other (provide details)                                                                                                                                                       |                            |                             |
| 5.5 | <b>Cash and cash equivalents at end of<br/>quarter (should equal item 4.6 above)</b>                                                                                          | <b>3,641</b>               | <b>4,049</b>                |

**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**

98

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.  | <b>Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | <b>Total facility amount at quarter end<br/>\$A'000</b> | <b>Amount drawn at quarter end<br/>\$A'000</b> |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|
| 7.1 | Loan facilities                                                                                                                                                                                                                          | -                                                       | -                                              |
| 7.2 | Credit standby arrangements                                                                                                                                                                                                              | -                                                       | -                                              |
| 7.3 | Other (please specify)                                                                                                                                                                                                                   | -                                                       | -                                              |
| 7.4 | <b>Total financing facilities</b>                                                                                                                                                                                                        | -                                                       | -                                              |

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.  | <b>Estimated cash available for future operating activities</b>               | <b>\$A'000</b> |
|-----|-------------------------------------------------------------------------------|----------------|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9)                     | (17)           |
| 8.2 | Cash and cash equivalents at quarter end (Item 4.6)                           | 3,641          |
| 8.3 | Unused finance facilities available at quarter end (Item 7.5)                 | -              |
| 8.4 | Total available funding (Item 8.2 + Item 8.3)                                 | 3,641          |
| 8.5 | <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b> | 214            |

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: .....12 April 2021.....

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.