

## Record quarter, positive cash and strong balance sheet

### December 2020 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 December 2020 (2Q FY21).

#### Key financial highlights include:

- Total quarterly revenue increased to \$1.0m, a 14% increase over the previous corresponding period (pcp)
- \$1.27m in operating cash receipts and operating cash inflow of \$26k, the third successive quarter of positive cashflow
- Quarterly recurring SaaS and transaction-based revenue of \$584k, up 7% on 1Q FY21 as business activity continues to normalise post the impact of COVID-19 on travel and credit card transactions
- Annualised recurring SaaS and transaction-based revenue of over \$2.3m
- Cash balance at 31 December 2020 was \$4.0m (31 September 2020: \$1.9m) bolstered by the successful \$2.25 million capital raise to a range of high quality institutional and sophisticated investors to fund commercial roll out of CardHero

#### Key operational highlights include:

- Inaugural contract signed with not-for-profit Life Without Barriers for CardHero+. The initial three-year contract is valued at \$1.6 million with estimated annual SaaS revenue of ~\$500k per annum and a one-off implementation fee of \$150k
- Five new Federal Government entities signed to Expense8 under the Service Delivery Office (SDO) of the Department of Finance shared services hub went live during the quarter
- Partnership with Syph Pty Ltd's (a BPAY and BCG Digital Ventures company) proprietary document intelligence platform to offer fast and human-level accuracy to digitise its customer's receipts
- Federal Prime Minister & Cabinet (PMC) extends Expense8 contract for one year; representing estimated revenue of \$260k (inclusive of GST)

8common CEO, Andrew Bond said "We are pleased to maintain positive cashflow thanks to record quarterly cash receipts and out strongest Q2. We have sustained growth in our topline revenue in addition to our recurring SaaS and transaction revenue. New client growth is expected to continue for both our Expense8 and CardHero platforms. We have fast-tracked our investment in developing CardHero and expanded our groupwide support resources given the anticipated scaling requirements."

"The onboarding of the five new agencies under the SDO will have a positive impact on our future SaaS and transaction revenue levels. We continue to build our partnership with Federal Governments through the shared services program and to see a strong pipeline of growth for FY21.

"We are very pleased to sign our inaugural CardHero+ contract with not-for-profit Life Without Barriers. 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+. The integrated funds disbursement and expense reconciliation capabilities are well supported by our experience and position as a preferred supplier to government and large corporates. We are well placed to deliver the CardHero+ platform and capture this growth opportunity and have fast-tracked our investment in developing CardHero.

"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."

### Financial and operational review

Total revenue for the quarter increased by 14% over pcp to \$1,000k. Recurring SaaS revenue of \$584k was up 7% versus 1Q FY20 as the effects of COVID-19 on 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 September quarter has had a positive impact on the recurring revenue base. The new agencies signed were: Safe Work Australia, Fair Work Ombudsman, Australian Skills Quality Authority, Australian Public Service Commission and Australian Building and Construction Commission. It is anticipated that this will help drive SaaS revenue back to pre-COVID-19 levels and beyond.

During the quarter, the Company announced that it had **partnered with BPAY Group and BCG Digital Ventures-owned document intelligence company Syphnt Pty Ltd (Syphnt)** to further harness artificial intelligence and machine learning to turn documents into data, insights, and action. The integration of Syphnt will enable 8common to enhance the quick and accurate extraction of key information from receipts for direct upload to the Expense8 platform. The roll out of Syphnt amongst the Company's clients has been positive with the Federal Treasury being the first go-live agency in Q2 FY21.

**8common announced the \$1.6 million, three-year Life Without Barriers contract** on 24 December 2020. This 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.

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 large, 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.

During the quarter, the Company received and executed a successful placement of \$2.25 million to a range of high quality institutional and sophisticated investors. The placement saw the issue of 17,307,692 shares at a price of A\$0.13 per share with the funds predominantly used to:

- Expand the rollout of CardHero, the Company's integrated payment and expense management solution
- Accelerate the onboarding of recent customer wins with the Federal Government sector via the shared services platform
- General working capital requirements

# 8common

The company continues to focus on costs and expenses. Staff, administration, and corporate costs were \$1,242k for the quarter, up from \$925k in the previous quarter given the increase in implementation activity and costs related to infrastructure, development and research.

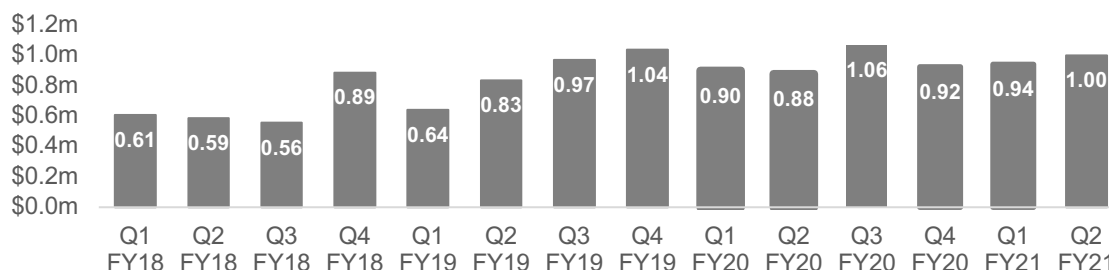
Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$80k during the quarter (see section 6 of the Appendix 4C). No other payments were made to any related parties or their associates of the entity.

## Revenue Model

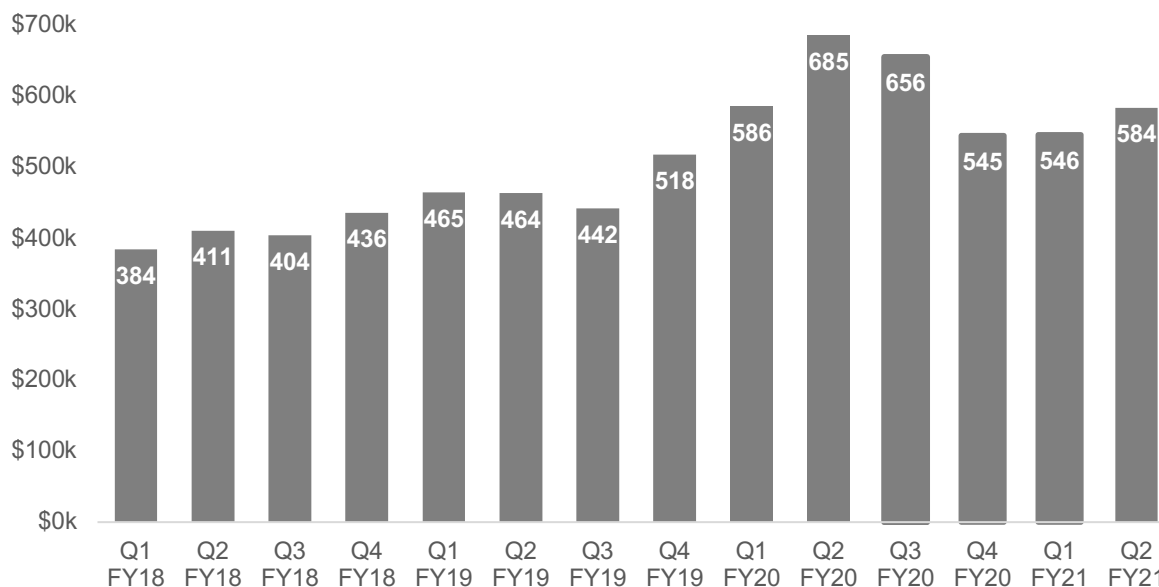
8CO technology facilitates the processing, reconciliation and compliance of employee generated financial transactions. The Company generates revenue from three areas:

- **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

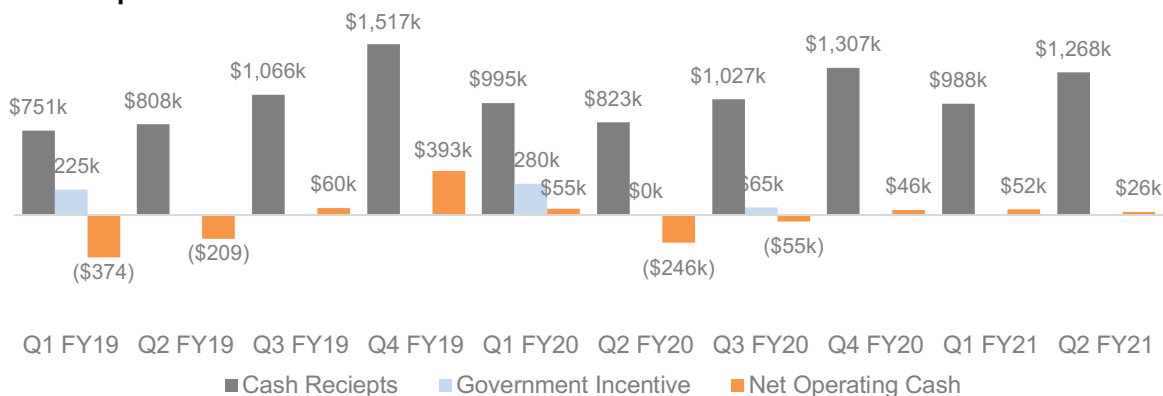


## Recurring SaaS & Transaction revenue



The Company generated a net operating cash inflow of \$26k for the period. The positive cashflow was 8CO's third consecutive quarter of positive cashflow. The company has a strong cash position of \$4.0 million as at 31 December 2020.

## 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, 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 group. Our positive cash flow generation, robust balance sheet and strong pipeline of Expense8 and CardHero growth opportunities are expected to support a strong 2H FY21 for 8common.

## 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 148,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 150 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 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,268	2,257
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(16)	(27)
(d) leased assets		
(e) staff costs	(537)	(1,026)
(f) administration and corporate costs	(689)	(1,125)
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>26</b>	<b>79</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(15)	(15)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	(e) intellectual property		
	(f) other non-current assets		
	Proceeds from disposal of:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment		
	(j) investments		
	(k) intellectual property		
2.3	(l) other non-current assets		
	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>(15)</b>	<b>(15)</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	2,250
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	17	17
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(124)	(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>2,143</b>	<b>2,143</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	1,895	1,843
4.2	Net cash from / (used in) operating activities (item 1.9 above)	26	79
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(15)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,143	2,143
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,049</b>	<b>4,049</b>

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	4,049	1,895
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,049</b>	<b>1,895</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**

80

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**

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- 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)	26
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,049
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	4,049
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	N/A

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. 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

2. 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

3. 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 January 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.