



## ASX release

29 February 2016

### **1H16 Performance in-line, looking forward to traditionally strong 2H with better than expected EBITDA performance**

8common Limited (ASX:8CO), a global Performance and Productivity software company today announced its financial results for the half year ended 31 December 2015 (FY16).

8common delivers productivity and performance software to enterprises and professionals globally. In its core markets of Australia and North America, its clients include government agencies, large corporates, multi-nationals and individual professionals.

- Expense8 continues strong growth on the back of the successful NSW Department of Education tender by winning multi-year contracts from the Office of the National Rail Safety Regulator (ONRSR), Roche Diabetes Care, Mitre10 (migrate existing client) and more onto the new platform;
- Perform8 continues to deliver its product to blue chip clients and begin building its reseller network;
- Realtors8 year on year revenue increase of 58%. Strong performance by both existing and recently acquired assets; and
- Board and management changes to facilitate growth, strategy and investor engagement.

### **Review of 1H15 operations**

During the 1H FY16, the Company recorded a net revenue increase of 33% to \$1,639,965 as at 31 December 2015 (1H FY15 of \$1,233,110). As at 31 December 2015, the Company held cash and equivalents of \$261,403 (30 June 2015: \$565,067). In line with the seasonality of Expense8 revenues whereby a significant portion of Annual 12 month in advance revenues are collected during the second half of the year, product development of recently acquired assets and growth invested into business development and management headcount, the Company reported an operating loss after tax of (\$990,481) and adjusted operating EBITDA of (\$637,913), which was better than our budget. The operating cashflow for the period was (\$338,991).

8common has had a busy half year with managing the ownership transition of recently acquired businesses (RPM for Realtors8 and COI for Perform8) and growing the performance of existing businesses. Revenue for Realtors8 grew 58% driven by organic growth and the highly accretive acquisition of RPM. Expense8 signed well in excess of \$1.5m in new contracts under multi year terms and we expect strong revenue contribution during the second half of FY2016.

Headcount and training investments continue to be made across the board to ensure product and business development momentum continues.

### **Results overview**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Net Revenue	1,639,965	1,233,110
Operating EBITDA	(637,913)	(94,606)
Operating NPAT	(990,481)	(300,408)
Operating Cash flow	(338,991)	64,620
Cash and cash equivalents	261,403	1,474,650

## **Expense8**

During the half year, the Expense8 division delivered good results largely thanks to the launch of new products in March 2015. This business is well into its growth stage after a period of product transitioning and platform development. Customers both old and new are responding well to the new product.

The revenue mix of the business is transforming in-line with new product and pricing policies. As more clients move from the traditional in-house client hosted model which is charged on a fixed per-annum basis to the monthly platform and transaction model, short term cash receipts and revenue recognition drops. This is demonstrated by the drop in Annual Contract revenue from \$300,532 to \$219,996 and corresponding increase in Monthly Recurring Revenue (MRR) from \$305,859 to \$377,208. Existing clients are typically charged an implementation fee and monthly fee as they adopt the new product.

The most notable result was the successful tender win to provide the Expense management System (EMS) for the New South Wales Department of Education. The department is the single largest organisation (Public and Private) in Australia and the Group believes that the potential revenue contribution is expected to be materially significant to the division. Other client wins include Office of the National Rail Safety Regulator (ONSRS), Roche Diabetes Care, and Mitre10 (existing client).

The Amadeus and QBT (a division of Helloworld Limited ASX:HLO) partnerships have brought in significant cross collaboration opportunities. Product demand across both Public and Private sectors to adopt Travel and Expense management software is at an unprecedented high and this is well reflected in the depth and size of the sales pipeline. Asia is also gaining momentum with a build up of proposals and engagement with potential partners.

## **Realtors8**

Revenue has accelerated with the division recording a 58% increase in revenue thanks to both the organic growth and contributions from the recently acquired asset (RPM). The ownership transition has been smooth and investments into the product continue to be made. Client conversion rates have lifted to above 90% from 65-70% during the prior year. We have now put in place further resources towards marketing and growing the base of trial users.

Management made a decision to slow down Asian expansion in light of the general property slowdown in the region as it was difficult to capture the attention of the realtors. We believe that things have settled down now and have begun re-engaging with potential partners to deliver a product to realtors in the region.

## **Perform8**

Perform8 has completed the period of ownership transition and product transformation. The re-developed product has received strong endorsements from both new and existing clients. Clients have also welcomed the new model which includes a monthly SaaS (software as a service) subscription. The build up of Monthly Recurring Revenue is expected to accelerate as new and existing clients are on-boarded.

Sales and marketing together with building distribution channels are a key focus. Reseller have been active in delivering opportunities which include the Perth City Stadium project which includes Laing O'Rourke, AECOM and the Perth City Council.

## **Management**

Several management changes were announced and as of 1 January 2016, Nic Lim became Executive Chairman and the role of CEO assumed by Nick Gonios (previously COO). They will jointly work on Investor Relations and Corporate Activity whilst Nick Gonios leads the management of the Group.



## Financing Activities

On the 17 December 2015, 8common announced that it would undertake a non-renounceable pro rata rights issue of one (1) share for every ten (10) shares held at A\$0.18 per share. This will raise \$972,000 before costs. The rights issue closed on 13 January 2016 with approximately \$293,793 raised (including under the rights issue and applications for shortfall that are still being received) with more expected to come in the coming months. The remaining rights are expected to be placed by 12 April 2016.

## Outlook

The performance in the December 2015 half year has demonstrated the clear signs of success within the 8common model as demonstrated by the results in Realtors8 (revenue and customer receipt growth) and Expense8 (new multi-year platform contracts and revenue order book). Perform8 has gone through its transition period and we are at the starting phases of growth as demonstrated by recent successful client engagements like Box Hill Institute, which are very encouraging.

8common products are well placed as the pace of adoption and usage from the current and potential clients are at an unprecedented high. The growing team is competing and winning against much larger competitors thanks to good product and excellent customer service and on-boarding. Additional resource investments into sales and marketing have delivered good results and we expect that to accelerate.

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## About 8common Limited

The 8common is listed on the Australian Stock Exchange (ASX:8CO). As a global software product company capturing Asian growth, 8common delivers productivity and performance software to enterprises and professionals globally. In its core markets of Australia and North America, its clients include government agencies, large corporates, multi-nationals and thousands of individual professionals.

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