

Solid performance from Expense8, progress on the Realtors8 divestment and improving financial metrics

Performance and Productivity software group 8common Limited (**8common** or the **Company**) (ASX: **8CO**) is pleased to release its results for the 12 months ended 30 June 2017 (FY17). Key highlights include:

- Revenue from operations steady at \$3,676,754 (FY16: \$3,680,907);
- Successful in receiving an R&D Tax rebate of \$379,067 from the ATO;
- Cash receipts from operations at \$4,003,039 (FY16: \$4,157,153);
- \$14,000 net cash inflow for the full year;
- EBITDA loss of \$614,022 (FY16: \$706,917);
- EBITDA when *adjusted* for the impairment of P8 goodwill (\$540,000) is a loss of \$74,022. The improvement from last year has been assisted by the \$379,067 Tax Rebate as well as lower expenses in the group particularly in employee and contractor costs of approximately \$210,000;
- Loss after tax loss for the year of \$1,353,540 (FY16: \$1,352,626);
- Cash at Bank of \$382,562 (FY16: \$331,558);
- A further \$285,000 was raised from the Convertible Notes.

2nd half marked by strong Expense8 performance and progress on Realtors8 divestment

Progress made in the business to track towards long-term positive cash flow. The changing cash receipts pattern is driven by the transition of expense8 clients from an annual fixed fee to a monthly platform and usage per transaction) fee. The benefits have been the uplift in total spend and less seasonal cash flow. Expense8 revenue is expected to grow faster in tandem with government adoption of Travel and Expense management.

There has been progress in the divestment of Realtors8 and the Company intends to complete the sale of its remaining interest.

Expense8

Key highlights:

- Revenue is up by 13% to \$2,038,761 (FY16: \$ 1,807,969)
- SaaS Revenue is up 40% to \$1,028,956 (FY16: \$ 735,086)
- Successful new client wins include the Federal Department of the Prime Minister and Cabinet, Australian Communication & Media Authority and NSW Department of Industry;
- Existing customer migrations to expense8 include but not limited to Programmed, Agrium Landmark, Amcor, Roche Diagnostics, Boral Timber, NSW Department of Finance, Federal Department of Finance, Cushman & Wakefield and Federal Department of Social Services;
- Federal Treasury and expense8 shared services offering to other Federal Government agencies gaining momentum;
- NSW Department of Education goes live with the Card Application and Maintenance module for their Westpac Visa corporate credit cards (first to market).

Expense8 delivers as new client wins and strong existing client uptake drives revenue growth. Core SaaS billings grew 40% over the period providing for a strong base for FY18.

FY17 saw continued transition to the expense8 enterprise cloud (SaaS) platform from older annual contracts. More than 80% of clients having agreed to or completed their migration. The



strong endorsement and the efficient migration process is testimony to product-market fit and quality. Overall revenues grew 13% and are expected to grow faster in FY18 as Government and large enterprise adopt Travel and Expense management.

Perform8

Key highlights:

- Revenue was \$80,833 (FY16: \$ 162,912)
- Upon assessing the business, the Board decided to impair the Perform8 goodwill, writing-down the Goodwill by \$540,000 to a \$nil value. The Perform8 business will undergo a strategic review as the reseller partnerships have not yielded the expected results.

Realtors8

Key highlights:

- Revenue of \$1,557,190 (FY16: \$ 1,705,382)
- Revenue was down 5.8% on an FX adjusted basis
- Signed agreement to sell 10% of Realtors8 to Clouardon Pte Ltd for S\$470,000 or approximately A\$445,000 inlying a full value of S\$4.7m, or approximately A\$4.45m.

Realtors8 remains an Asset held for Sale and the plan remains to complete the sale of the Realtors8 business to focus on expense8.

Outlook

8common will continue to scale the growth of Expense8 and ultimately intends to complete the sale of its remaining interest in Realtors8.

The planned product roadmap for Expense8 will include card product ownership, management and payments. Therefore, the group is likely to see an increased level of fintech features in its broader product offering. The group will look to leverage its significant expertise in travel and expense management, its leading financial software platform and blue chip client base into fintech application across card issuances and cashless payments.

The ongoing improving financial and operating metrics will ensure the group is well positioned to take advantage of the significant growth opportunities available.

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About 8common Limited

The 8common Group (www.8common.com) is listed on the Australian Securities Exchange (ASX:8CO). 8common Group develops enterprise Performance and Productivity software products that support government agencies, large corporations, multinational organisations and specialist professional verticals. 8common comprises of three core products: Expense8, Perform8 and Realtors8.

www.8common.com