

June 2018 Quarterly Performance and Business Update

Fintech group 8common Limited (**8common** or the **Company**) (ASX: **8CO**) is pleased to release its consolidated Quarterly Cash Flow for the quarter ended 30 June 2018.

Key Company highlights for the quarter up till the date of this release include:

- Completion of the sale of the Realtors8 to Cloudaron Group Berhad (Cloudaron) for approximately \$4.6m (based on the latest foreign exchange rates) comprised of \$470K in cash (already received) and shares in Cloudaron which are due to be received by 26 August 2018;
 - approximately \$1.53M in shares not subject to escrow;
 - approximately \$1.53M placed in voluntary escrow until 30 June 2020;
 - approximately \$1.04M additional payment which is subject to an EBITDA Guarantee and adjusted in accordance with the terms of the Realtors8 SPA, due to be issued in April 2020.
- \$205K net cash increase for the quarter;
- Cash position of \$534K at 30 June 2018;
- Q4 2018 and FY2018 cash receipts were \$1.2M and \$4.2M respectively;
- 8common's options (exercise price of \$0.035 per option and expiring 8 February 2020) issued as part of the rights issue in February 2018, were listed on the ASX in June 2018;
- \$354K was received from the early conversion of Options by directors and key stakeholders;
- Post 30 June 2018, the \$225K Research & Development Tax incentive was received on 4 July 2018.

Expense8 highlights for the quarter up till the date of this release include:

- Expense8 Q4 and FY2018 cash receipts was \$908K and \$2.82M, up 31% and 16% on a year on year basis;
- Expense8 monthly SaaS recurring and transaction based revenue grew 56% to \$1.6M on a year on year basis (unaudited FY18 revenue);
- Expense8 continued to win new client mandates which included the Federal Torres Strait Regional Authority, NSW Office of the Valuer General, NSW Office of the Registrar General and the NSW Spatial Services.

Commenting on the June 2018 Quarter and sale of Realtors8, 8common Executive Chairman, Nic Lim said "This is an important milestone as we have completed the consolidation of our operating focus to become a fintech group. We look forward to supporting Realtors8 as a significant shareholder of Cloudaron. Expense8 is expected to continue growing cash receipts and drive the group to operational cash surplus. Payhero will deliver new opportunities in the B2B payments space leveraging Expense8."

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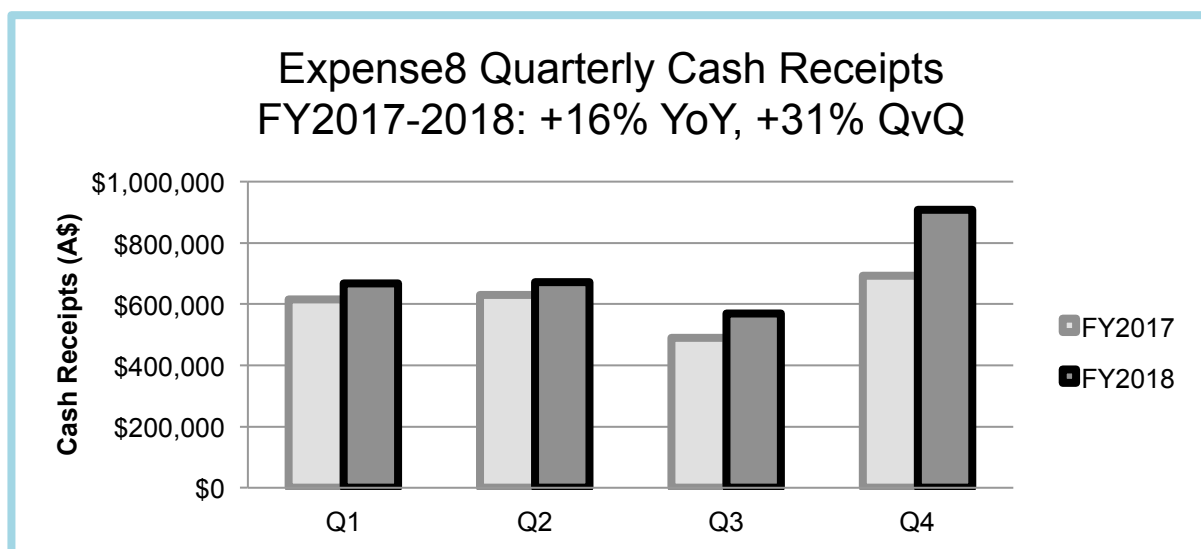
Cash flow performance

The Company recorded a net cash inflow of \$205K for the period. Net operating cash outflow was \$43K compared to a cash inflow from Q4 FY17 of \$303K. This was largely due to only receiving the \$225K R&D Tax Incentive after 30 June and increased one-off costs associated with the sale of Realtors8. Quarterly and Full Year cash receipts rose by 14% and 5% respectively compared to the same period last year.

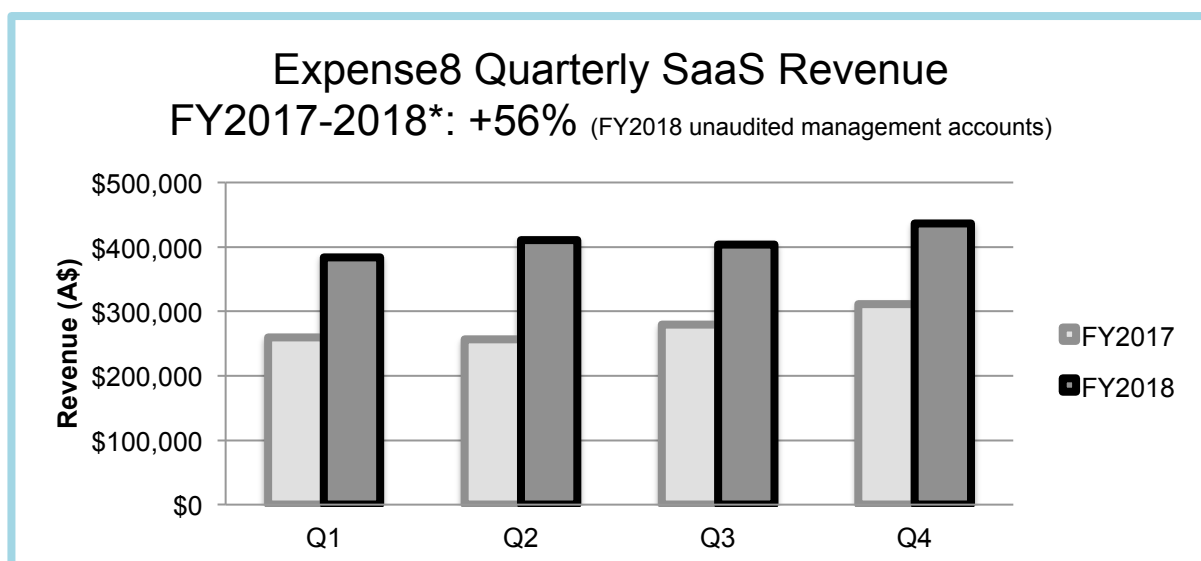
The cash position increased from \$329K to \$534K at the end of June 2018. An additional \$225K was received for the R&D Tax Incentive on 4 July 2018. 8common also holds \$1.53M worth of Cloudbarr shares that are available for sale and if required, can be sold.

Expense8

The process of converting clients from the original product, which had most clients on an Annual Licence and Maintenance revenue model to Expense8 is nearing completion with only a handful of clients left on the old payment model. The new Expense8 revenue model is based on a combination of monthly platform, per account and transaction fees. The increase in Corporate Credit Card spend (i.e. number of transactions) has had a direct positive impact. Expense8 Q4 and FY2018 cash receipts were \$908K and \$2.82M, up 31% and 16% on a year on year basis.



Core SaaS monthly recurring and transaction based revenue grew 56% (see below for unaudited management accounts for FY18) from \$1.03M to \$1.62M due to a combination of new clients and increased usage by existing clients.



*FY18 Figures Calculated from Unaudited Management Accounts

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The Travel and Credit Card application and maintenance platforms are expected to fuel further growth as additional clients are on-boarded. Revenue models are similar across all platforms with implementation fees and SaaS based monthly platform and transaction fees.

Outlook

The Group expects customer receipts to continue to grow as new clients are on-boarded and both new and existing clients increase their usage of the various product platforms. Payhero has begun engaging clients and strategic opportunities are being considered.

For further information please contact:

Nic Lim

Executive Chairman

E: nic@8common.com

About 8common Limited

8common is listed on the Australian Securities Exchange (ASX:8CO). With a focus on financial technology, the groups core product expense8 delivers Travel & Expense Management (TEM) and Card Application & Management to large Australian enterprises including Woolworths, Broadcast Australia, Amcor and State and Federal government agencies including the Federal Department of the Prime Minister and Cabinet and the NSW Department of Education.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

8common Limited

ABN

51 168 232 577

30 June 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,212	4,191
1.2	Payments for		
	(a) research and development	-	(113)
	(b) product manufacturing and operating costs	(281)	(810)
	(c) advertising and marketing	-	(1)
	(d) leased assets		
	(e) staff costs	(546)	(1,989)
	(f) administration and corporate costs	(429)	(1,622)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(4)	(167)
1.6	Income taxes paid	(10)	(64)
1.7	Government grants and tax incentives		56
1.8	Other (provide details if material)	14	14
1.9	Net cash from / (used in) operating activities	(43)	(504)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		

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	(d) intellectual property	(10)	(10)
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) 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)	-	211
	Second payment related to sale of Realtors8 Group		
2.6	Net cash from / (used in) investing activities	(10)	201

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		1,467
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options	354	354
3.4	Transaction costs related to issues of shares, convertible notes or options		(89)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(86)	(1,237)
3.7	Transaction costs related to loans and borrowings		(30)
3.8	Dividends paid		
3.9	Other (provide details if material)		5
3.10	Net cash from / (used in) financing activities	268	470

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	329	383
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(43)	(504)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	201
4.4	Net cash from / (used in) financing activities (item 3.10 above)	268	470

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4.5	Effect of movement in exchange rates on cash held	(10)	(16)
4.6	Cash and cash equivalents at end of quarter	534	534

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	484	278
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) Term Deposit	50	51
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	534	329

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments represent Directors wages and fees for the quarter.

7. Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

None

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8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount
at quarter end
\$A'000

Amount drawn at
quarter end
\$A'000

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

None

9. Estimated cash outflows for next quarter

\$A'000

9.1 Research and development

(20)

9.2 Product manufacturing and operating costs

(125)

9.3 Advertising and marketing

9.4 Leased assets

9.5 Staff costs

(450)

9.6 Administration and corporate costs

(260)

9.7 Other (provide details if material)

ATO Monthly Repayment Plan

(84)

Deferred Director Fees

(110)

9.8 Total estimated cash outflows

(1,049)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)

Acquisitions

Disposals

10.1 Name of entity

10.2 Place of incorporation or registration

10.3 Consideration for acquisition or disposal

10.4 Total net assets

10.5 Nature of business

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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.



Sign here:
(Director/Company secretary)

Date:31 July 2018.....

Print name:Zoran Grujic.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.