

## Achieved profitability in Q1 driven by 41% revenue increase over the prior corresponding period (pcp)

### September 2019 Quarterly Report and Appendix 4C

Fintech company 8common Limited (**8common** or the **Company**) (ASX: **8CO**), a leader in expense management software and card application management, is pleased to release its consolidated quarterly cashflow and business update for the quarter ended 30 September 2019.

#### Key financial highlights include:

- \$309k EBITDA and \$246k profit recorded based on unaudited management accounts including \$280k Research and Development (R&D) tax refund (relating to FY18);
- Total revenue increased to \$899k, 41% increase over the previous corresponding period (pcp);
- Positive operating cash inflow for the third successive quarter of \$55k driven by an increase in operating cash receipts to \$955k (up 33% from the pcp);
- Record quarterly recurring SaaS and transaction-based revenue of \$586k, 26% increase from the pcp;
- Cash balance grew to \$1.17m from \$1.03m in the previous quarter;

#### Key operational highlights include:

- Federal Department of Industry, Innovation & Science (DIIS) went live with Expense8.
- New contract signed with the NSW Audit Office
- Extension of the NSW Department of Planning, Industry and Environment (DPIE) contract for an additional year reflecting \$237k in total contract value.

Commenting on the September 2019 quarter, 8common Executive Chairman, Nic Lim said “We are pleased with the strong operating metrics achieved despite what is traditionally a weaker quarter. Based on unaudited management accounts, 8Common recorded a profit of \$246k during Q1 FY20 which included the \$280k received from the R&D tax refund for FY18.”

#### Operational Review

Recent shared service wins with the Federal Department of Industry, Innovation and Science (DIIS) and the Federal Department of Finance (DoF) deliver the potential for 61 entities and over 40,000 new employees to utilise the company’s platform. The delivery of these entities on to the company’s platform will drive considerable revenue growth over the medium term. Implementation of Expense8 is dependent on client timeframes and progress will be announced when they begin generating revenue.

The first implementation of Expense8 as part of the DIIS shared services hub was announced during the quarter. The contract resulted in the addition of over 6,360 accounts (3,600 credit card and 2,600 cash reimbursement) and increases the total number of active federal government accounts using Expense8 Travel and Expense Management to 25,000.

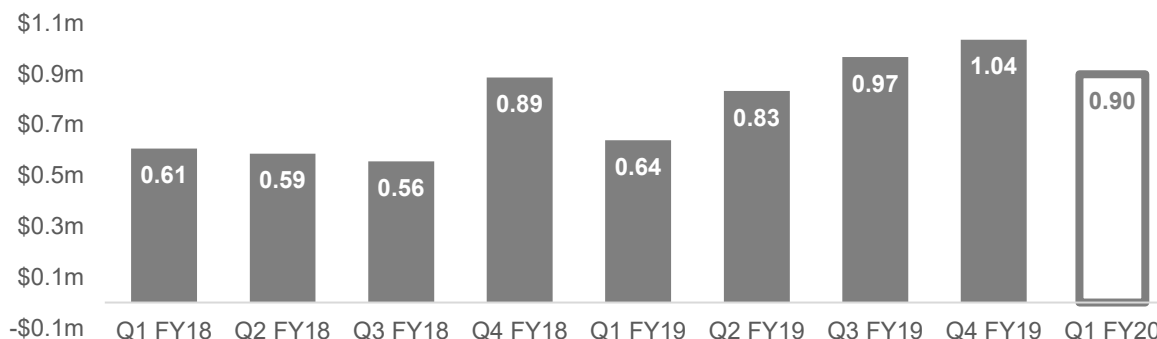
Revenue for the quarter grew 41% on a pcp basis to \$899k and the Company anticipates the positive quarterly growth trend to continue through the rest of FY20. The fall in revenue versus Q4 FY19 was driven by a reduced level of implementation revenue. Q1 of the financial year is the seasonally slower period for implementation revenue, as most projects aim to be completed by the end of the financial

#### Appendix 4C Quarterly report for entities subject to Listing Rule 4.7B

+ See chapter 19 for defined terms, 1 September 2016

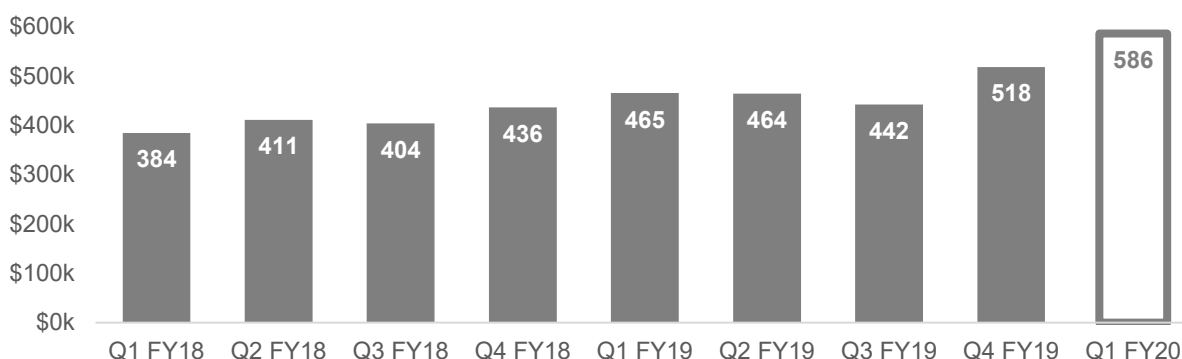
year. Despite the seasonal impact, Q1 FY20, was the third best quarter for total revenue in 8CO's history.

### Total revenue



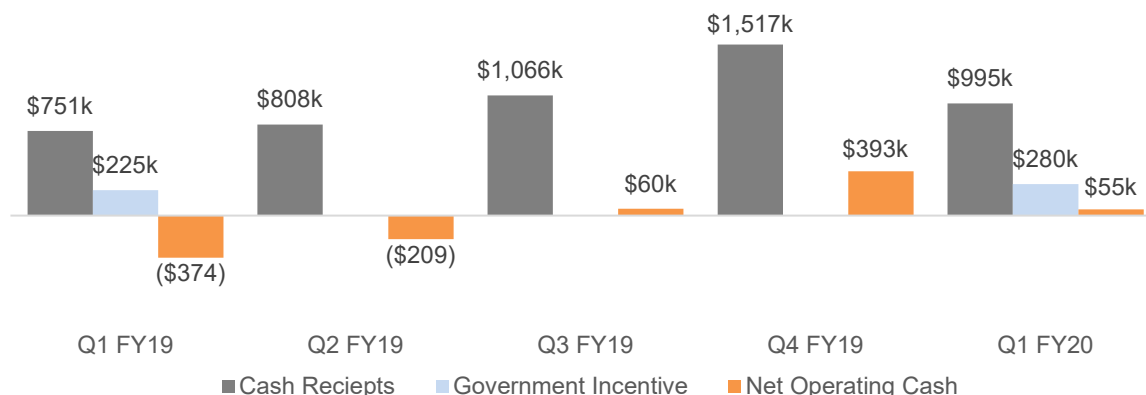
First quarter recurring SaaS and transaction-based revenue grew 26% on a pcp basis to \$586k. Growth is expected to continue as new clients continue to be on boarded and existing clients adopt the travel platform.

### Recurring revenue growth



### Cash flow performance

Operating cash receipts grew 33% against the pcp to \$995k. A further \$280k (R&D tax refund) and \$92k (8CO Option Conversion) was received. Net operating cash inflow was \$55k. The cash position increased to \$1.17 million at the end of September 2019.



## Product Development

The Company has entered early stage discussions with a significant Not for Profit organisation to deliver traceable expenditure via pre-paid cards. The revenue model will be based on a combination of subscription fees and basis point margin of the total value of the amount loaded on the pre-paid cards. Although in its early stages, the pre-paid card market is a significant opportunity to leverage the existing Expense8 platform.

## Contracts Update

In the September Quarter, Expense8, continued to execute on obtaining new contracts and expanding existing contracts.

The NSW Department of Planning, Industry and Environment (DPIE) contract for Expense8 was extended for an additional year and represents estimated revenue of \$237,000 (including of GST). This extension is the first of two possible annual extensions. The Expense Management platform is used in conjunction with the Pre Trip Travel Module allowing an easy and secure booking and approval process.

Expense8 completed the implementation of the Expense8 Travel and Expense Management solution for the Federal Department of Industry, Innovation and Science (DIIS). This contract win was previously announced in May 2019 and the implementation was delivered in the agreed 14-week schedule. The \$297,000 three-year contract provides an integrated SaaS solution enabling DIIS to greatly improve corporate travel planning and drive process efficiencies with expense reconciliation.

The successful DIIS implementation during the quarter further strengthens Expense8's position within Federal and State Governments and provides a clear path towards significantly increasing its coverage from 120 to 160 Federal and State Government entities.

During the quarter, Expense8 also entered into a contract with the NSW Audit Office. The contract period is for three years and includes the expense management module and the pre-trip travel module. The NSW Audit Office will be the second NSW Government entity to implement the travel module after The Department of Planning, Industry and Environment.

## Outlook

The Company continues to build on the established contracts within the State and Federal Government, delivering predictable and secure revenue. 8CO has a significant pipeline of potential revenue growth via the implementation of our technology across further DIIS and DoF shared service agencies. Corporate engagement continues with good responses received for both the travel and continuous transaction monitoring platforms.

Additionally, as outlined, 8common have commenced discussions on the provision of pre-paid cards working with Not for Profit organisations that leverages the strength of the Expense8 platform whilst providing a stronger process for reconciliation and tracking of expenditure in the sector. As we progress this initiative, 8Common will provide updates to the market once a revenue associated outcome is secured.

CEO Andrew Bond commented: "Our long-standing client relationships provide us with a great opportunity to deliver partnership centric solutions as we design and deliver innovation which meet our customers operational requirements. The opportunities we have identified include Continuous Monitoring, PayHero procurement payments and CardHero pre-paid card distribution and transaction reconciliation.

"We continue to provide our clients with an innovative software solution that allows users to easily plan and manage corporate travel and look forward to providing the market with further updates as we progress growth opportunities."

## 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)

### Media

Tristan Everett  
[tristan.everett@marketeye.com.au](mailto:tristan.everett@marketeye.com.au)  
+61 03 9591 8921

## About 8common Limited

8common is listed on the Australian Securities Exchange (ASX:8CO). With a focus on financial technology, the group's core product, Expense8, delivers Travel & Expense Management (TEM) and Card Application & Management to large 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 Sept 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	995	995
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(463)	(463)
(f) administration and corporate costs	(757)	(757)
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	280	280
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>55</b>	<b>55</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(8)	(8)
(b) businesses (see item 10)		

## Appendix 4C Quarterly report for entities subject to Listing Rule 4.7B

+ See chapter 19 for defined terms, 1 September 2016

	(c) investments		
	(d) intellectual property		
	(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) Second payment related to sale of Realtors8 Group		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(8)</b>	<b>(8)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options	91	91
3.4	Transaction costs related to issues of shares, convertible notes or options		
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>91</b>	<b>91</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 quarter/year to date	1,033	1,033
4.2	Net cash from / (used in) operating activities (item 1.9 above)	55	55
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	91	91

4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,171</b>	<b>1,171</b>

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,171	1,171
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) Term Deposit		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,171</b>	<b>1,171</b>

**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

**Current quarter  
\$A'000**

54

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

**Current quarter  
\$A'000**

None

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	(450)
9.6 Administration and corporate costs	(700)
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>(1,150)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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		



---

**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: .....  
Company secretary

Date: 14 October 2019

Print name: Dean Jagger

**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.