8COMMON LIMITED & ITS CONTROLLED ENTITIES
ACN 168 232 577

ASX APPENDIX 4E
RESULTS FOR ANNOUNCEMENT TO THE MARKET
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. Reporting Period

Current Reporting Period - For the year ended 30 June 2020
Previous Reporting Period – For the year ended 30 June 2019

2. Results for announcement to the market

	June 2020 ($)	June 2019 ($)	Change ($)	Change (%)
Revenue from continuing operations	3,759,331	3,474,175	285,156	8%
Other Income	409,018	226,747	182,271	80%
Net (loss) after tax for the period attributable to members from continuing operations	(804,089)	(1,356,222)	552,133	(41%)

EPS	June 2020	June 2019
Basic Loss per share	(0.48) cents per share	(0.95) cents per share
Diluted Loss per share	(0.48) cents per share	(0.95) cents per share

NET TANGIBLE ASSET BACKING	June 2020	June 2019
Net tangible assets per share	0.02 cents per share	0.04 cents per share

3. Financial Results

This report should also be read in conjunction with any public announcements made by 8common in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

4. Explanation of results

For an explanation of the current year results, refer to the Review of Operations contained within this document.

5. Status of audit and description of likely disputes or qualifications

This Appendix 4E is based on accounts which have been audited. The audit report is included within the financial report which accompanies this Appendix 4E

8common

(ASX:8CO)

And its Controlled Entities

For the year ended **30 June 2020**
ACN: 168 232 577

2020 ANNUAL REPORT

Contents

Chairman and CEO Message

Dear fellow shareholders,

We would like to start by acknowledging the extraordinary, serious and worrying time we are living in. COVID-19 has had a huge impact on the enterprises and communities we live in and serve. The situation continues to evolve as we pen this message.

In light of the circumstances, our focus at 8common has been to secure the safety of our team and ensure operational continuity of our cloud-based SaaS (Software as a Service) and financial transaction management platforms.

This in turn has ensured that our clients have been well supported as their businesses, work environments and requirements from us evolved. A note of appreciation to the entire 8common (8CO) team for standing alongside and supporting corporate and government clients who collectively have more than 125,000 users of Expense8 and processed over $616m in transactions over the course of FY20.

Whilst COVID-19 has impacted near term revenue, the recovery since April and May of 2020 has been consistent. 8CO primarily generates revenue via a recurring subscription model, which accounts for approximately 70% of our revenue. The company also benefits from a diverse range of clients across corporates, Federal & State Governments. The recurring revenue and exposure to government agencies provides a greater degree of revenue certainty in current market conditions and with increased implementation of Government stimulus packages.

The Board and Management remain positively excited about the opportunities for 8CO. The strength and standing of our flagship Expense8 product was reflected in being globally recognised as a Market Leader by International Data Corporation (IDC) in its 2019 Market Scape Enterprise Travel & Expense Management Report and ultimately in the continued growth in our client base.

During FY20, the company has generated over $2.5 million in contract wins as we continued to see growing demand for our products and services. Notable new clients include the Federal Digital Transformation Agency (DTA). Additionally, the 2020 financial year saw the Company successfully deliver strong operational and financial performance with operating revenue of $3.76 million.

As at 30 June 2020, we have $1.8 million in cash reserves. Our capital allocation framework facilitates the continued refinement of our core Expense8 product and fund our growth opportunities through research and development in CardHero and PayHero.

In conjunction with our core product, Expense8, CardHero has extensive applications in the not-for-profit, education and government sectors where accurate and prompt expense distribution is the key challenge we are addressing. Beginning with 2 core products:

- CardHero will provide an integrated enterprise pre-paid card and transaction reconciliation platform to support existing Expense8 enterprise clients who in FY20 transacted over $616 million.

- CardHero+ (plus) is an integrated funds distribution transaction reconciliation platform that will support and enable regulated and high-volume transaction management specifically targeting the challenges experienced within the not for profit sector. With over $4.8 billion in funds distributed annually in the Australian this sector alone this segment has the potential to eclipse Expense8 in both total addressable market and rate of adoption.

Post year end, we secured an additional five new Federal Government entities via the Shared Delivery Office of the Department of Finance with a total contract value of $545,000. The five Federal Government agencies are:

- Safe Work Australia
- Fair Work Ombudsman
- Australian Skills Quality Authority
- Australian Public Service Commission
- Australian Building and Construction Commission

This will bring the total tally of Federal and State government agencies to 141 and over 102,000 Government users. Implementation across these agencies is anticipated to occur in 1H FY21. 8common's growing exposure to the Federal Government was underpinned by the signing of shared services agreements with the Service Delivery Office of the Department of Finance (ref ASX release 28 June 2019) and the Department of Industry, Innovation and Science (ref ASX release 10 May 2019). 8common now provides Expense8 to a total of 27 Federal Government entities with over 17,000 users.

Outlook

As demonstrated by the recent 5 agency mandate from the Department of Finance, our customers continue to support our growth and our constant engagement has facilitated the birth of new initiatives in the form of CardHero and PayHero (extension into procurement payment solutions).

CardHero and PayHero platforms are a key focus as we have positioned ourselves to lead initiatives in the corporate payments and fund distribution landscape. These initiatives will hopefully deliver the growth and scalability we are well prepared for. We look forward to continuing to update the market on our activities and expect FY21 to be a significant turning point for the Company as we move to deliver consistent growth, new products and profitability.

We are incredibly proud of our passionate and committed team who have built a globally recognised product and managed to support our clients and stakeholders in an uncertain time with unprecedented circumstances.

We thank you for your ongoing support and look forward to providing further updates as we make FY21 a defining year.

Nic Lim
Executive Chairman

Andrew Bond
Chief Executive Officer

Directors' Report

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting 8common Limited and its controlled entities for the financial year ended 30 June 2020. The information in the review of operations forms part of this directors' report for the financial year ended 30 June 2020 and is to be read in conjunction with the following information:

General Information

Directors

The following persons were directors of 8common Limited during or since the end of the financial year up to the date of this report:

Kah Wui "Nic" Lim – Managing Director and Executive Chairman

Adrian Bunter – Non Executive Director

Nyap Liou "Larry" Gan – Non Executive Director

John Du Bois – Non Executive Director

Kok Fui Lau – Alternative Non Executive Director to Nyap Liou "Larry" Gan (appointed 1 June 2020)

Dean Jagger – Company Secretary

Particulars of each director's experience and qualifications are set out later in this report.

Principal Activities

8common's (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 organisational, 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 payment and fund distribution) deliver closed loop solutions to support regulated, large network and high-volume requirements. 8common specialises in large enterprise and government segments.

Its growing client base of more than 125,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 141 state and federal government entities.

Operating Results and Review of Continuing Operations

Over this year, the Group achieved revenue from continuing operations of $3,759,331 (2019: $3,474,175) and a loss after providing for income tax amounting to $804,089 (2019: $1,356,222 loss). EBITDA for the full year was a loss of $481,552 year and adjusted profit was $215,508 when non-cash items, $388,000 deferred consideration write-off from Realtors8, $293,273 of depreciation & amortisation and $309,060 of share based payments were adjusted. We also note that we received $50,000 in cashflow boost from the Australian Government as part of COVID-19 stimulus package.

Operational Review

We received global recognition as 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.

Expense8

Leading cloud-based platform for employee travel and expense management

Expense Management

Expense8 reduces time spent on the reconciliation process by efficiently managing your corporate expenses through a simple and user friendly interface. Your employees are guided through an easy to understand process that eliminates the need for any knowledge of finance or tax.

Corporate Travel

The **Corporate Travel module** allows employees to plan, book, and reconcile travel expenses using a single solution. Combining pre-trip approval, an Online Booking Tool, and an Expense Management Solution, this module saves your employees time and effort when organising travel.

Intelligence Reporting

The **Business Intelligence Reporting Service (BIRS) module** provides your business with tailored reports that deliver accurate data insights. Our BIRS module allows you the flexibility to create reports that are simple, error free, and add real value to your organisation.

Clients and Key Statistics

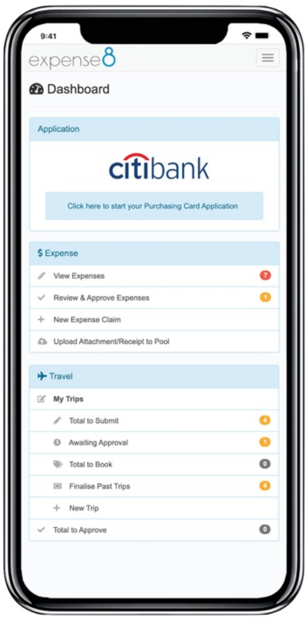
Clients

Woolworths
Australian Government
amcor
NSW Education
MITRE 10
WE LIFE WITHOUT BARRIERS VE

Revenue Split

Fed Gov	State Gov	Corporate
28%	41%	31%

Expense8 Platform



Key Statistics

125k
Platform Users
141 Gov Entities + Corporates

$22
Annual ARPU
Fed Gov ($48), State Gov ($13), Corporate ($35)

30%
Increase in SaaS FY20 vs FY19

$2.6m
FY20 SaaS Revenue

Revenue Model

1

Implementation Revenues

- Initial implementation cost of adding our software

→ **$50k to $500k**
one-off implementation revenue

+

2

Monthly Recurring Revenue

- Income generated through utilisation of our SaaS technology by our 125,000 users

→ **Monthly Recurring Revenue**

$0.25 – $12.00	$500 – $2,500
per transaction	subscription

+

3

Ad hoc Change Requests

- Charges for specific alterations, additions, detail changes on transaction reports

→ **$5k to $50k***
Ad hoc change request revenue
*based on annual spend expected per client

Growth Drivers: Shared Service Mandates

Federal Shared Services

1 Department of Industry, Science, Energy and Resources

2 Department of Finance

+50
new Federal entities to onboard over next 2 years

$50,000
minimum implementation cost per entity

Access to more than
40,000
new employees

$48
average revenue per user in Federal Government

+$2.5m
implementation revenue pipeline

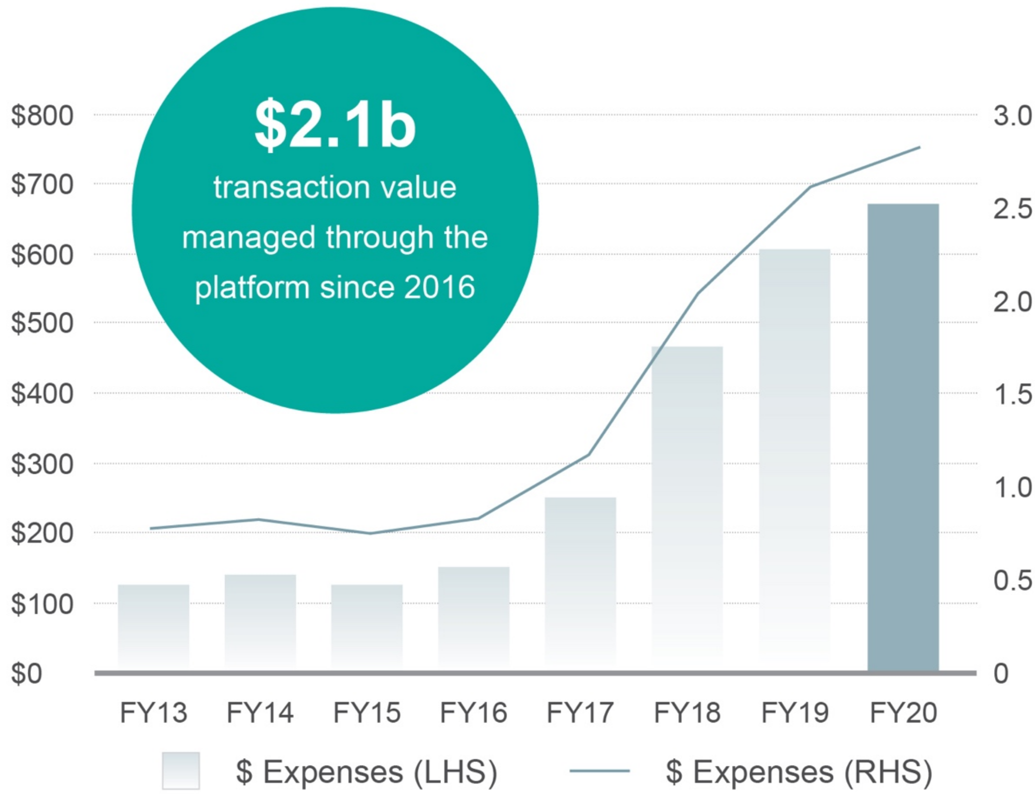
$1.6m
pipeline of Annual Recurring Revenue

Operational Review

FY20 was a year of many challenges with the Australian economy being impacted by the Australian bushfires and COVID-19. Our business model, whilst geared to travel and expense management, primarily generates its revenue via a recurring subscription model with our customers which accounts for approximately 70% of our revenue base. The company also benefits from a diverse range of customers across Federal & State Government. The recurring revenue and exposure to Government agencies provides a greater degree of revenue certainty in current market conditions.

Whilst COVID-19 is impacting near term business activity, 8CO's expense reconciliation and process software is well positioned to benefit in the near term from the increased level of Government stimulus packages.

The scale of our business continues to grow. Expense8 processed $616 million of transactions in FY20 via 2.7 million discrete transactions processed. A record year for the company.



The company continued to grow its customer relationships over the course for FY20. During the year 8CO onboarded nine new entities delivering an additional 12,000 users to our platform. The company's technology now supports over 125,000 users across 141 different entities. Key contract wins during the year include;

- NSW Audit Office
- National Indigenous Australian Agency (NIAA)
- National Drought and North Queensland Flood Response and Recovery Agency
- Federal Digital Transformation Agency (DTA), the first agency within the Department of Finance Shared Service Delivery Office to onboard expense8.
- Extension of the NSW Department of Planning, Industry and Environment (DPIE) contract
- Extension of the NSW Department of Education contract
- Extension of the Northern territory Department of Corporate and Information Services
- Extension of Federal Department of the Prime Minister and Cabinet
- Extension for Transport for NSW

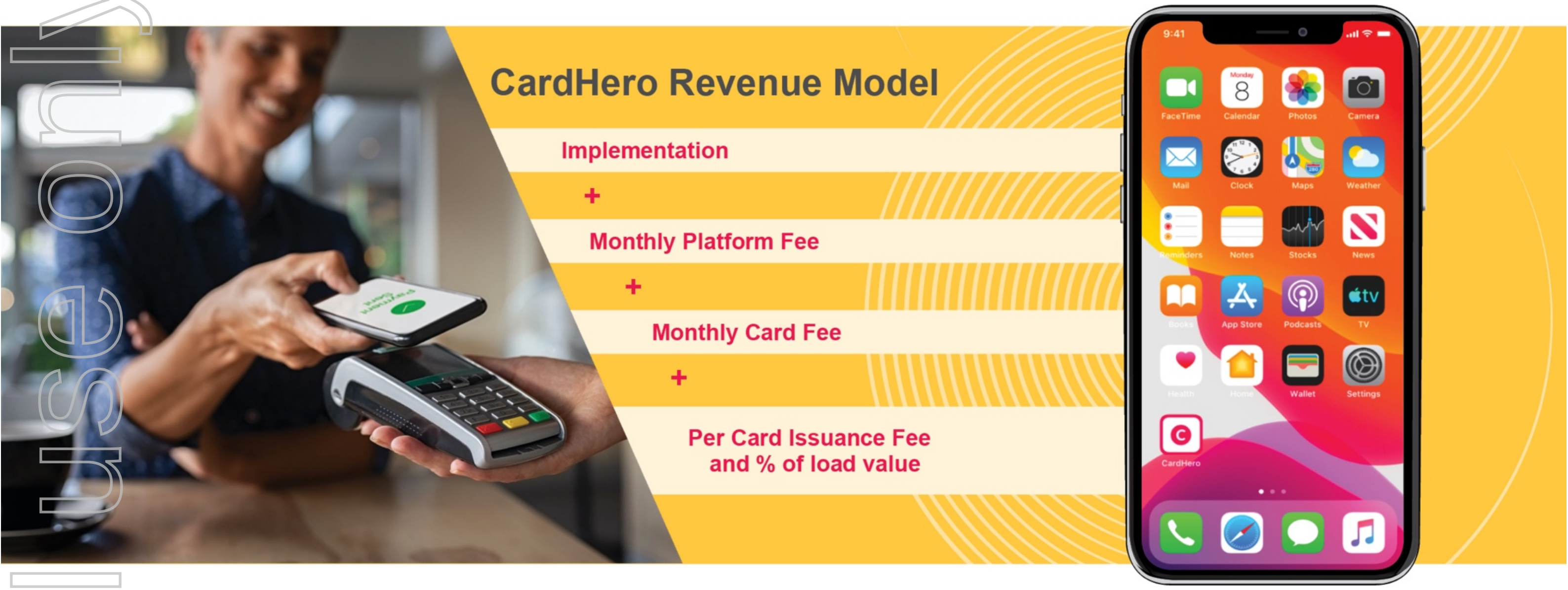
We received global recognition as Expense8 by 8common was named a Major Player in the IDC MarketScape: Worldwide SaaS and Cloud-Enabled Travel and Expense Management Applications 2019 Vendor Assessment.

Source: IDC, 2019

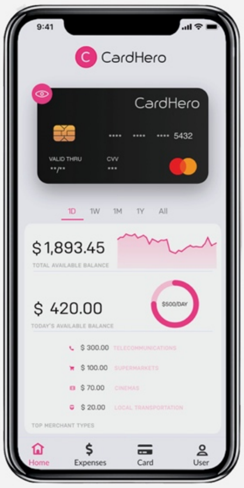
> "The scale of our business continues to grow. Expense8 processed $616m of transactions in FY20 via 2.7m discrete transactions processed. A record year for the company."

Operational Review

Growth Drivers: CardHero (Payments) & CardHero+ (Fund Disbursement)

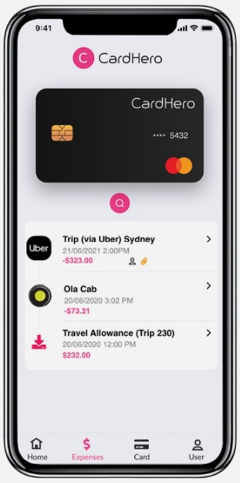


Employee Purchasing



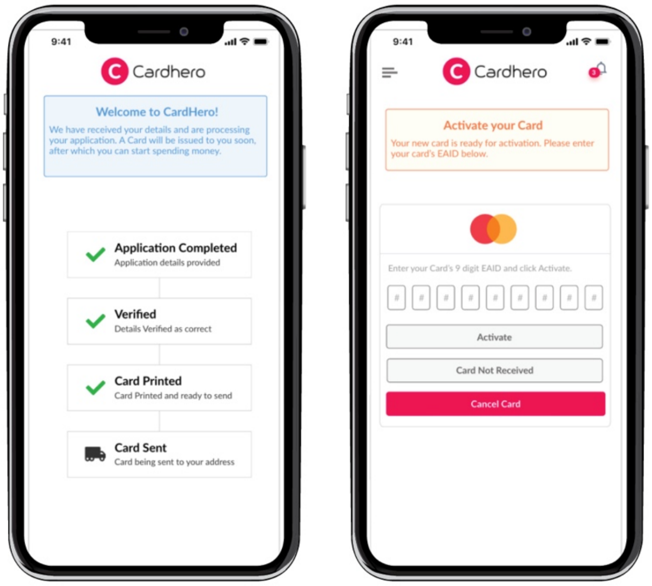
- Digital and physical pre-paid expense card
- Integrated card and transaction reconciliation platform
- Redundancy card in place of Bank issued cards or issuance of Cards to employees who don't have Corporate Cards
- Employees will be able to transact on their card with the CardHero smartphone application providing access to information such as available funds, past transactions and recent top-ups. Authorised decision makers/Client Administrators, though unable to transact, will be able to view this same information.
- Employees will be able to transact on an unrestricted basis, though their transactions will be assessed by a 'fraud detection' process.
- CardHero will provide and support existing Expense8 enterprise clients who in FY20 transacted over $616m.

Fund Disbursement

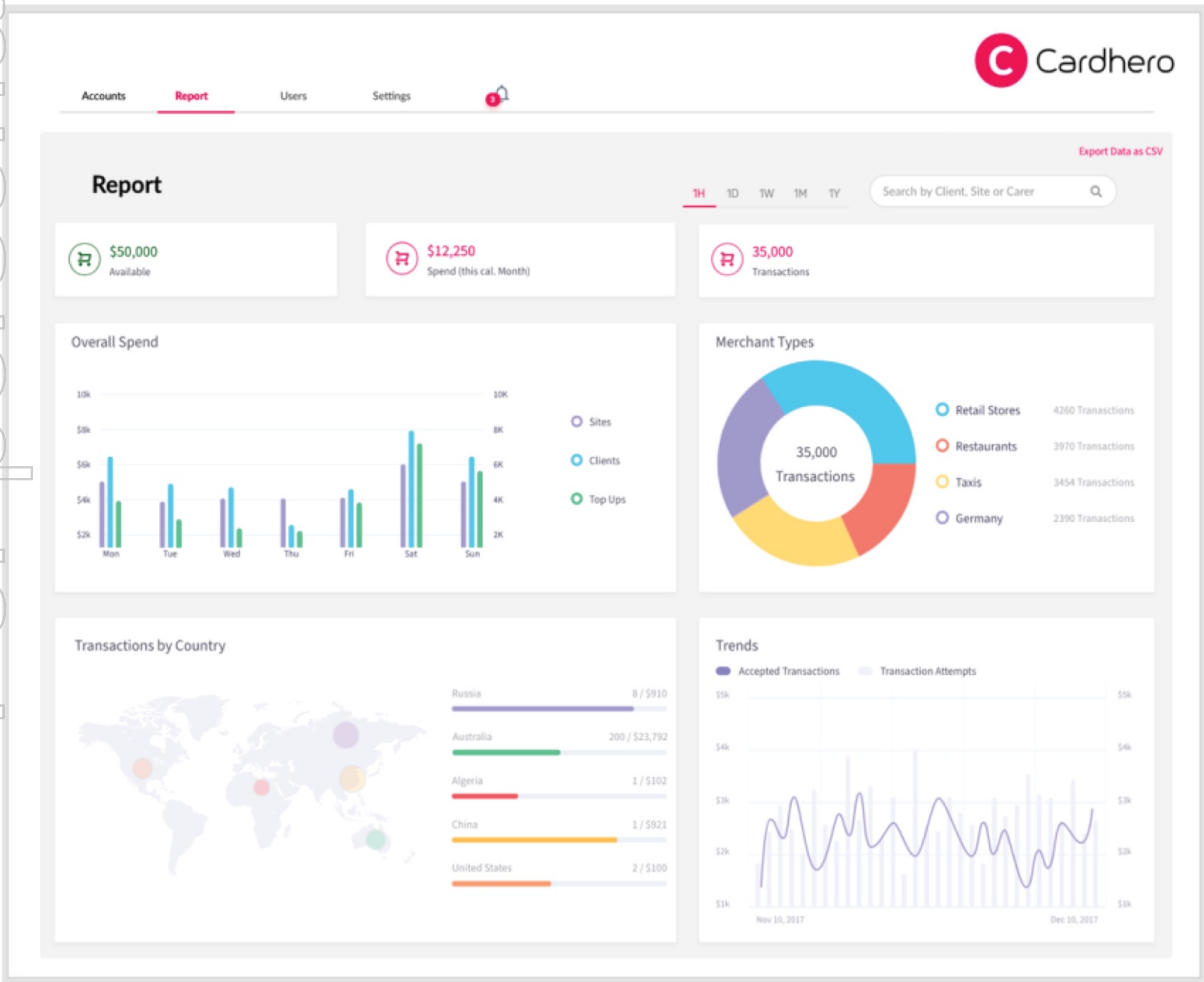


- Digital pre-paid fund disbursement card
- Integrated fund distribution transaction reconciliation platform
- Ensure funding programs can continue where ATM and Bank Branch access is not available
- Social service clients will be able to transact on their card with the CardHero smartphone application providing access to information such as available funds, past transactions and recent top-ups. Authorised decision makers/Client Administrators, though unable to transact, will be able to view this same information.
- Clients will be able to transact on an unrestricted basis, though their transactions will be assessed by a 'fraud detection' process.
- Support and enable regulated and high-volume transaction management specifically targeting the challenges experienced within the not for profit sector. With over $4.8 billion in funds distributed annually in the Australian this sector alone this segment has the potential to eclipse Expense8 in both total addressable market and rate of adoption.

Simple Applications

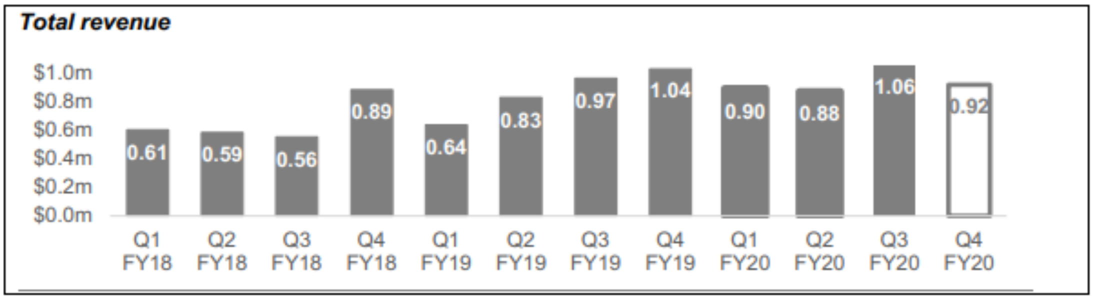


Effective Reporting



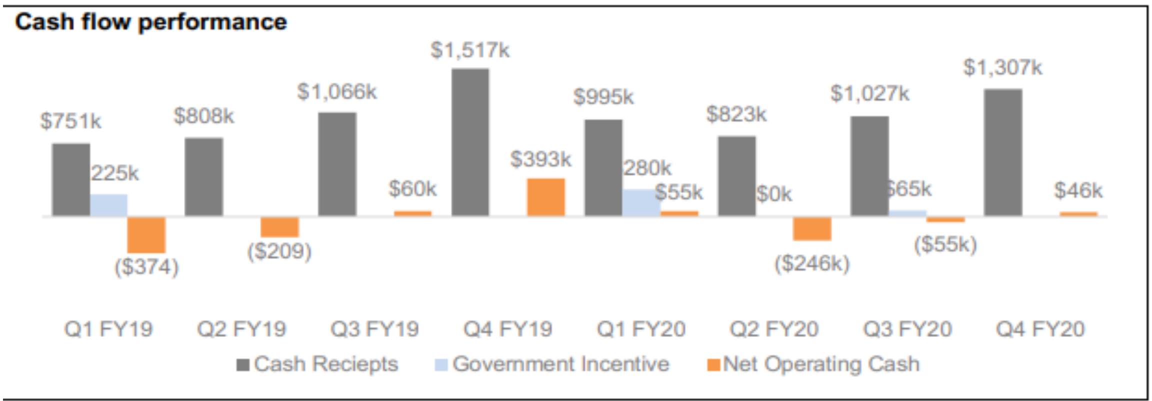
Financial Review

In FY20 the company delivered total revenues from continuing operations of $3.7 million representing 8% growth when compared with FY19 which includes recurring SaaS revenue of $2.5 million representing 30% growth when compared with FY19. The strong top line revenue growth places the Company in a strong financial position for FY21.



The company delivered an EBITDA loss of $481k for the full year. The net loss for the year of $804k was an improvement when compared to a $1.36 million loss in FY19. The adjusted profit was $215k when non-cash items, deferred consideration write-off from Realtors8 and share based payments have been added back.

As at 30 June 2020, the company maintained a net cash position of $1.8 million a significant improvement versus the $1.03 million as at 30 June 2019. The Company announced two positive quarter of cashflow during FY20 which highlights the growing financial stability of our product.



Significant Changes in State of Affairs

During the financial year the following significant changes in the state of affairs of the consolidated entity occurred:

- Increase in contributed equity of $1.0 million through the issue of shares via options holders exercising their options to acquire ordinary shares;

Events after Reporting Year

On the 26 August 2020, 8common successfully signed a $545k TCV (Total Contract Value) contract from Service Delivery Office (SDO) of the Federal Department of Finance to deliver Expense8 as a shared service to

- Safe Work Australia
- Fair Work Ombudsman
- Australian Skills Quality Authority
- Australian Public Service Commission
- Australian Building and Construction Commission

Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) signed a 3-year contract (plus contract extensions) with a TCV of $152k.

On 27 August 2020, 8common entered into a 3-year agreement with card solutions provider EML Payments to create a CardHero branded re-loadable card program. Under the agreement, 8common will be able to issue CardHero branded pre-paid Mastercards in partnership with EML.

Environmental Issues

The company takes a responsible approach in relation to the management of environmental matters. All significant environmental risks have been reviewed and the consolidated entity has no legal obligation to take corrective action in respect of any environmental matter. The consolidated entity's operations are not subject to significant environmental regulations.

Dividends Paid or Recommended

No dividend has been paid or declared in relation to the financial year ended 30 June 2020.

Indemnifying and insurance of officers

The company has indemnified all current and previous directors of the consolidated entity, the company secretary and certain members of senior management against all liabilities or loss (other than to the company or a related body corporate) that may arise from their position as officers of the company and its controlled entities, except where the liabilities arise out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act. The indemnity stipulates that the company will meet the full amount of any such liabilities, including costs and expenses, and covers a period of seven years after ceasing to be an officer of the company.

During the financial year, 8common Limited paid a premium of $47,432 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of the group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnifying and insurance of auditor

The company's insurance contract does not provide cover for the independent auditors of the company or of a related body corporate of the company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable by 8common Limited for non-audit services provided by an entity related to the audit firm during the year ended 30 June 2020:

	$
Other services	3,000
Taxation services	8,106
	11,106

Employee Share Options

At the date of this report, the unissued ordinary shares of 8common Limited under Employee share option plan are as follows:

	Grant Date	Expiry date	Exercise Price	Number of Options
Employee Option Plan	30 June 2020	30 June 2023	$0.091	1,800,000
Employee Option Plan	30 June 2019	30 June 2022	$0.168	7,340,000
Total				9,140,000

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2020, there were no ordinary shares issued on the exercise of employee share options granted.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 21 of the financial report.

Auditor

Walker Wayland NSW Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001.

Options

At the date of this report, there were no options on issue listed on the Australian Securities Exchange.

Information Relating to Directors

Kah Wui "Nic" Lim	– Managing Director and Executive Chairman
Qualifications	– Bachelor of Commerce (Western Sydney University) and Bachelor of Law (University of Technology, Sydney)
Experience	– Founder of 8common, investor and Board member of various technology companies over the last 20 years. Co-Founded Catcha.com in 1999, Nic left an operational role in 2003 and remained on the Board member of various subsidiaries until 2010. Nic established a career in finance and advisory until 2012 and was most recently attached to the Fixed Income Sales team within the Investment Bank of Morgan Stanley in Singapore. He was also previously with UBS and Credit Suisse in Hong Kong.
Interest in Shares and Options	– 26,483,851 ordinary shares in 8common Limited.
Special Responsibilities	– None
Directorships held in other listed entities during the last three years	– None

Nyap Liou "Larry' Gan	– Non-Independent, Non-Executive Director
Qualifications	– Fellow of Association of Certified Chartered Accountants and Certified Management Consultant
Experience	– During his 26 years at Accenture he held many global leadership roles. He was the Accenture Managing Partner of ASEAN from 1993 to 1996 and Managing Partner of Asia from 1997 to 1999. He was a member of the Accenture Global Management Council from 1997 to 2004 and sat on many global management committees, governing partner admission, rewards and compensation. He was also the Managing Partner of Corporate Development, Asia Pacific from 1999 to 2002 and managed the company's multi-billion dollar Venture Fund for the Asia Pacific region.
Interest in Shares and Options	– 14,430,576 ordinary shares in 8common Limited.
Special Responsibilities	– Member of the Remuneration Committee and member of the Audit Committee
Directorships held in other listed entities during the last three years	– He is a current Board member of Flexiroam Limited, Fatfish Internet Group Limited, Rev Asia Bhd and Cloudaron Group Berhad. Previously a member of Cuscapi Bhd, Tropicana Corporation Bhd and Graphene Nanochem Plc.

Adrian Bunter	– Independent, Non-Executive Director
Qualifications	– Bachelor of Business (University of Technology, Sydney) and a Graduate Diploma in Applied Finance. Member of Chartered Accountants Australia and New Zealand, Senior Associate of Financial Services Institute of Australia
Experience	– Adrian has 26 years experience in accounting, finance and a broad range of corporate advisory roles including mergers and acquisitions, divestments of business, debt/equity raisings and strategy development and execution. He is an executive director of Venture Advisory, one of Australia's leading specialist technology, media and telecommunications financial advisory firms and is an executive committee member of Australia's leading angel investing group, Sydney Angels.
Interest in Shares and Options	– 66,000 ordinary shares in 8common Limited.
Special Responsibilities	– Member of the Remuneration Committee and member of the Audit Committee
Directorships held in other listed entities during the last three years	– Non-Executive Chairman of Collaborate Corporation Limited (ASX: CL8)

John Du Bois – Independent, Non-Executive Director

Qualifications – IAC (Institute of Administration & Commerce Zimbabwe) Law Economics and Accounts. Macquarie University Graduate School of Business - Banking and Finance. INSEAD Executive Leadership. Australian Graduate School of Management Leadersip and Management Monash University NLP Advanced Techniques Chisholm Institute/Monash University Data Processing Programming Analysis Structure and Information

Experience – John has over 35 years experience in executive leadership leading transforming and building early stage and established businesses, including mergers, acquisitions and divestments. He is Chairman of Avigna, Global Mentor for Everwise, Council Member for GLG (Garson Lehrman Group) and does Advisory and Executive interim management.

Interest in Shares and Options – 328,698 ordinary shares in 8common Limited

Special Responsibilities – Member of the Remuneration Committee and member of the Audit Committee

Directorships held in other listed entities during the last three years – N/A

Kok Fui Lau – Independent, Non-Executive Director (Alternate to Nyap Liou "Larry" Gan)

Qualifications – Master in Business Administration from Henley Management College United Kingdom

Advance Management Program Training at GE Crotonville

Aircraft Maintenance Engineer Licences.

Experience – Lau has 40 years of experience working in Aviation, media and IT industries covering a broad range of roles including business formation, mergers and acquisitions, divestments of business, and strategy development and execution.

He was a Managing Director of the General Electric Company as well as Regional Director of Business Development covering the Asia Pacific Region. He was recognised for many successful operational and business achievements.

Interest in Shares and Options – 17,223,886 ordinary shares in 8common Limited

Special Responsibilities – NA

Directorships held in other listed entities during the last three years – MSCM Berhad Malaysia. (Formerly Panpages Berhad Malaysia)

Meetings of Directors

During the financial year, 13 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Kah Wui "Nic" Lim	10	10	-	-	-	-
John Du Bois	10	10	2	2	1	1
Nyap Liou "Larry" Gan	10	9	2	2	1	1
Adrian Bunter	10	10	2	2	1	1
Kok Fui Lau	-	-	-	-	-	-

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Group for FY20. The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation

These disclosures have been audited, as required by section 308(3c) of the Corporations Act 2001.

Role of the remuneration committee

The remuneration committee is a committee of the Board. It is primarily responsible for making recommendations to the Board to ensure 8common's remuneration structures are equitable and aligned with the long- term interests of 8common and its Shareholders. The remuneration committee will have regard to relevant company policies in attracting and retaining skilled executives, and structuring short and long-term incentives that are challenging and linked to the creation of sustainable Shareholder returns.

In relation to remuneration matters, the committee's responsibilities are to ensure that 8common:

- has coherent remuneration policies and practices which enable 8common to attract and retain executives and Directors who will create value for Shareholders;
- fairly and responsibly remunerates Directors and executives, having regard to the performance of 8common, the performance of the executives and the general remuneration environment; and
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet 8common's needs.

The Corporate Governance Statement provides further information on the role of this committee.

The Chief Executive Officer and the Chief Financial Officer attend meetings by invitation to assist the Committee in its deliberations except on matters associated with their own remuneration.

A. Principles used to determine the nature and amount of remuneration

The performance of the Group depends on the quality of its Directors and executives.

To prosper, the Group must attract, motivate and retain highly skilled Directors and executives. To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to shareholder value;
- ensure that a significant portion of executive remuneration is 'at risk', and therefore dependent on meeting pre-determined performance benchmarks; and
- establish appropriate performance hurdles in relation to variable executive remuneration.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with the corporate governance principles and recommendation, the structure of Non-Executive Director and senior manager remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, while incurring costs that are acceptable to shareholders.

Structure

Each Non-Executive Director will receive a fixed fee for being a Director of the Group. The current fee is $36,000 per annum.

The constitution and the ASX Listing Rules specify that the maximum aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fixed fees paid to Directors are reviewed annually. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. The current aggregate amount as approved by the shareholders is $300,000.

Executive remuneration

Objective

The Company aims to reward key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company and:

- Reward key management personnel for achievement of pre-determined key performance indicators;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

The Remuneration for key management personnel and staff will include an annual review using a formal performance appraisal process. The Remuneration Committee recommends to the Board the level of fixed remuneration each year based on the performance of individuals.

Structure

A policy of the Board is to establish employment or consulting contracts with the Chairman, Chief Executive Officer and other senior executives. At the time of this report there are employment agreements are in place for the members of the Board and senior management.
Current remuneration agreements only consist of fixed remuneration. The Board and senior management are reviewing the remuneration agreements with the view of incorporating long-term equity-based incentives that are subject to satisfaction of performance conditions. There have been one off grants of long term equity incentives in 2019 and 2020 which are intended to retain key executives and reward performance.

Fixed remuneration

The level of fixed remuneration is set as to provide a base level of remuneration that is both appropriate to the position and is competitive in the market. Fixed remuneration comprises of payroll salary, superannuation and other benefits. Individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation or other benefits.

Remuneration Policy and Performance

The Company is currently reviewing the remuneration policies applicable to the CEO and CTO as well as the general manager and other senior personnel of the Company in relation to KPI's and extent of remuneration, which is 'at risk'. The review will assist the Company to better structure remuneration policies in accordance with current trends and practices in corporate remuneration.

Relationship between remuneration policy and company performance

The Company is currently reviewing its remuneration policies as indicated above.

Details of the remuneration of the Directors and other key management personnel (as defined in AASB 124 Related Party Disclosures) of 8common Limited are set out in the following tables.

B. Details of remuneration (audited)

		Post-Employment Benefits			
Name	**Cash salary and fees**	**Superannuation**	**Share based payments**	**Total**	**Performance related**
2020	**$**	**$**	**$**	**$**	**%**
Non-executive directors					
John Du Bois	35,083	-	-	35,083	-
Nyap Liou "Larry" Gan	35,083	-	-	35,083	-
Adrian Bunter	35,083	-	-	35,083	-
Total non-executive directors	**105,249**	**-**	**-**	**105,249**	**-**

Mr Kau was appointed 1 June 2020 as an alternate Director and is not eligible to receive any remuneration.

Executive directors and key management personnel					
Kah Wui "Nic" Lim (i)	186,084	-	-	186,084	-
Zoran Grujic (Chief Financial Officer)	55,850	-	6,310	62,160	-
Andrew Bond (Chief Executive Officer)	175,000	16,625	86,247	277,872	-
Rory Koehler (Chief Technology Officer) (ii)	135,000	-	40,770	175,770	-
Ben Brockhoff (Chief Operating Officer)	148,333	14,092	65,233	227,658	-
Total executive directors & key management	**700,267**	**30,717**	**198,560**	**929,544**	-
Total	**805,516**	**30,717**	**198,560**	**1,034,793**	-

(i) Mr Lim is not based in Australia and hence no local superannuation is payable on his remuneration.
(ii) Mr Koehler is not based in Australia and hence no local superannuation is payable on his remuneration.

		Post-Employment Benefits			
Name	**Cash salary and fees**	**Superannuation**	**Share based payments**	**Total**	**Performance related**
2019	**$**	**$**	**$**	**$**	**%**
Non-executive directors					
John Du Bois	16,664	-	-	16,664	-
Nyap Liou "Larry" Gan	25,000	-	-	25,000	-
Adrian Bunter	25,000	-	-	25,000	-
Total non-executive directors	**66,664**	**-**	**-**	**66,664**	**-**
Executive directors and key management personnel					
Kah Wui "Nic" Lim (i)	150,000	-	-	150,000	-
Kadir Kudus (Chief Financial Officer) (ii)	23,750	-	-	23,750	-
Zoran Grujic (Chief Financial Officer) (iii)	43,050	-	-	43,050	-
Andrew Bond (Chief Executive Officer)	145,833	13,854	72,366	232,053	-
Rory Koehler (Chief Technology Officer) (iv)	120,000	-	34,460	154,460	-
Total executive directors & key management	**482,633**	**13,854**	**106,826**	**603,313**	-
Total	**549,297**	**13,854**	**106,826**	**669,977**	-

(i) Mr Lim is not based in Australia and hence no local superannuation is payable on his remuneration.
(ii) Mr Kudus resigned as Chief Financial Officer in October 2018.
(iii) Mr Grujic started as Chief Financial Officer in October 2018
(iv) Mr Koehler is not based in Australia and hence no local superannuation is payable on his remuneration.

C. *Service agreements*

Mr Kah Wui "Nic" Lim was appointed as the Executive Chairman and is based in Singapore, and reports to the Board by way of an executive service agreement. The appointment of Nic is for an unspecified term. Either 8common or Mr Lim may terminate the appointment with 6 months' notice or alternatively in 8common's case, payment in lieu of notice. Upon the termination of Mr Lim's employment contract, he will be subject to a restraint of trade period of up to 12 months. The enforceability of the restraint clause is subject to all usual legal requirements. The fixed remuneration payable to Mr Lim comprises a remuneration of $186,084 inclusive of all entitlements.

Mr Andrew Bond was appointed as the Chief Executive Officer and is based in Sydney Australia, and reports to the Board by way of an executive service agreement. Either 8common or Mr Bond may terminate the appointment with 3 months' notice or alternatively in 8common's case, payment in lieu of notice. Upon the termination of Mr Bond's employment contract, he will be subject to a restraint of trade period of up to 12 months. The enforceability of the restraint clause is subject to all usual legal requirements. The fixed remuneration payable to Mr Bond was reviewed during the financial year and comprises a remuneration of $180,000 per annum plus superannuation.

D. *Share-based compensation (audited)*

Loans to directors and executives

There were no loans to Directors or executives during or since the end of the year.

Share holdings of key management personnel.

Directors and key management personnel of 8common Limited ordinary shares	Balance at the start of the year	Other changes during the year	Balance at the end of the year
2020			
John Du Bois	232,560	96,138	328,698
Nyap Liou "Larry" Gan	14,430,576	-	14,430,576
Adrian Bunter	66,000	-	66,000
Kah Wui "Nic" Lim	24,479,850	2,004,001	26,483,851
Kok Fui Lau	-	17,223,886	17,223,886
Zoran Grujic	2,728,000	1,617,987	4,345,987
Andrew Bond	30,000	-	30,000
Ben Brockhoff	-	18,000	18,000
Rory Koehler	30,000	**-**	30,000
Total	**41,996,986**	**20,960,012**	**62,956,998**

Directors and key management personnel of 8common Limited ordinary shares	Balance at the start of the year	Other changes during the year	Balance at the end of the year
2019			
Grant McCarthy (i)	550,000	(550,000)	-
John Du Bois	-	232,560	232,560
Nyap Liou "Larry" Gan	14,430,576	-	14,430,576
Adrian Bunter	44,000	22,000	66,000
Kah Wui "Nic" Lim	23,207,002	1,272,848	24,479,850
Zoran Grujic	2,728,000	-	2,728,000
Andrew Bond	-	30,000	30,000
Rory Koehler	-	30,000	30,000
Total	**40,959,578**	**1,587,408**	**41,996,986**

(i) Grant McCarthy ceased to a director on 18 July 2018

Options holdings of key management personnel.

Directors and key management personnel of 8common Limited options	Balance at the start of the year	Options acquired or disposed of during the year	Options exercised during the year	Balance at the end of the year
2020				
Kah Wui "Nic" Lim	2,004,001	-	(2,004,001)	-
Andrew Bond	2,100,000	550,000	-	2,650,000
Rory Koehler	1,000,000	250,000	-	1,250,000
Ben Brockhoff	1,600,000	400,000	-	2,000,000
Zoran Grujic	-	250,000	-	250,000
Total	**6,704,001**	**1,450,000**	**(2,004,001)**	**6,150,000**

Directors and key management personnel of 8common Limited options	Balance at the start of the year	Options acquired or disposed of during the year	Options exercised during the year	Balance at the end of the year
2019				
Adrian Bunter	22,000	-	(22,000)	-
Kah Wui "Nic" Lim	11,603,501	-	(9,599,500)	2,004,001
Andrew Bond	-	2,100,000	-	2,100,000
Rory Koehler	-	1,000,000	-	1,000,000
Total	**11,625,501**	**3,100,000**	**(9,621,500)**	**5,104,001**

Description of options/rights issued and remuneration

1,800,000 options were issued under the employee share options plan to key management personnel during the year with an exercise price of $0.091 per option and an expiry date of 30 June 2023.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

END OF REMUNERATION REPORT

This Director's report, incorporating the Remuneration report, is signed in accordance with a resolution of the Board of Directors.

Nic Lim
Executive Chairman

31 August 2020
Singapore

walker wayland

Walker Wayland NSW
Chartered Accountants

ABN 55 931 152 366

Level 11, Suite 11.01
60 Castlereagh Street
SYDNEY NSW 2000

GPO Box 4836
SYDNEY NSW 2001

Telephone: +61 2 9951 5400
Facsimile: +61 2 9951 5454
mail@wwnsw.com.au

Website: www.wwnsw.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF 8COMMON LIMITED AND CONTROLLED ENTITIES

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Walker Wayland NSW

Walker Wayland NSW
Chartered Accountants

Wali Aziz
Partner

Dated this 31st day of August 2020, Sydney

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
Revenue from continuing operations	3a	3,759,331	3,474,175
Other income	3b	409,018	226,747
TOTAL REVENUE		4,168,349	3,700,922
EXPENSES FROM CONTINUING OPERATIONS			
Cost of sales	4	(561,426)	(1,065,913)
Employee and contractor costs		(2,369,446)	(2,292,155)
Occupancy expenses	4	(78,963)	(79,499)
Administration expenses		(222,295)	(275,777)
Computer software/ maintenance		(383,245)	(155,602)
Accounting and legal costs		(136,411)	(114,235)
Marketing costs		(68,995)	(8,306)
Borrowing costs	4	(342)	(20,979)
Depreciation and amortisation	4	(293,273)	(693,010)
Impairment	15 (ii)	(388,000)	-
Share based payments	29	(309,060)	(263,629)
Other expenses from ordinary activities		(131,310)	(106,112)
TOTAL EXPENSES		**(4,942,766)**	**(5,075,217)**
NET LOSS BEFORE INCOME TAX		**(774,417)**	**(1,374,295)**
Income tax benefit / (expense)	5	(29,672)	18,073
NET LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(804,089)**	**(1,356,222)**
NET LOSS FOR THE YEAR		**(804,089)**	**(1,356,222)**
Other comprehensive income			
Reserve adjustment – (loss)/gain on revaluation of financial asset		(2,241,972)	478,750
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(3,046,061)**	**(877,472)**
Earnings per share			
Basic loss per share – cents per share		(0.48)	(0.95)
Diluted loss per share – cents per share		(0.48)	(0.95)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30 June 2020 $	30 June 2019 $
Current assets			
Cash and cash equivalents	9	1,842,492	1,033,383
Trade and other receivables	10	244,431	335,755
Other assets	14	95,854	30,384
Total current assets		**2,182,777**	**1,399,522**
Non current assets			
Financial assets	15	1,318,807	3,560,779
Property, plant and equipment	12	12,897	10,533
Deferred tax assets	18	143,752	138,687
Deferred consideration	15	-	388,000
Intangible assets	13	1,765,720	2,051,207
Total non-current assets		**3,241,176**	**6,149,206**
Total assets		**5,423,953**	**7,548,728**
Current liabilities			
Trade and other payables	16	556,611	976,615
Contract liabilities	17	319,620	371,097
Provisions	19	170,461	96,171
Total current liabilities		**1,046,692**	**1,443,883**
Non current liabilities			
Provisions	19	50,620	60,998
Total non current liabilities		**50,620**	**60,998**
Total liabilities		**1,097,312**	**1,504,881**
Net assets		**4,326,641**	**6,043,847**
Shareholders' equity			
Contributed equity	20	10,979,259	9,959,064
Accumulated Losses		(5,419,353)	(4,657,596)
Asset revaluation reserve	25	(1,763,222)	478,750
Share based payment reserve	29	529,957	263,629
Total shareholders' equity		**4,326,641**	**6,043,847**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		4,151,803	4,140,419
Government grants and tax incentives		344,937	225,438
Interest received		750	1,309
Interest paid		(342)	-
Payments to suppliers and employees		(4,698,083)	(4,483,519)
Income tax paid		-	(14,145)
Net cash (used in) operating activities	24a	(200,935)	(130,498)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of non current assets		(10,150)	-
Net proceeds from sale of Financial assets		-	30,400
Net cash (used in) provided by investing activities		(10,150)	30,400
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from conversion of options to ordinary shares		1,020,194	599,887
Net cash provided by financing activities		1,020,194	599,887
NET INCREASE IN CASH HELD		809,109	499,789
Cash and cash equivalent at beginning of financial year		1,033,383	533,594
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	**1,842,492**	**1,033,383**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Contributed Equity	Accumulated Losses	Asset Revaluation Reserves	Share based payment reserve	Total
	$	$	$	$	$
Opening Balance	**9,341,714**	**(3,301,374)**	**-**	**-**	**6,040,340**
Comprehensive income					
Loss for the year	-	(1,356,222)	-	-	(1,356,222)
Other comprehensive income	-	-	478,750	-	478,750
Total comprehensive income	**-**	**(1,356,222)**	**478,750**	**-**	**(877,472)**
Issue of shares	617,350	-	-	-	617,350
Share based payment	-	-	-	263,629	263,629
BALANCE AT 30 JUNE 2019	**9,959,064**	**(4,657,996)**	**478,750**	**263,629**	**6,043,847**
Comprehensive income					
Loss for the year	-	(804,089)	-	-	(804,089)
Other comprehensive income	-	-	(2,241,972)	-	(2,241,972)
Total comprehensive income / (loss)	**-**	**(804,089)**	**(2,241,972)**	**-**	**(3,046,061)**
Issue of shares	1,020,195	-	-	-	1,020,195
Share based payment	-	-	-	309,060	309,060
Transfer to Accumulated losses		42,732		(42,732)	-
BALANCE AT 30 JUNE 2020	**10,979,259**	**(5,419,353)**	**(1,763,222)**	**529,957**	**4,326,641**

The accompanying notes form part of these financial statement

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of 8common Limited and its Controlled Entities (the "consolidated group" or "group").

The financial statements were authorised for issue on 31 August 2020 by the directors of the company.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Going Concern basis of accounting

The Group has incurred a net loss after tax for the year ended 30 June 2020 of $804,089 (2019: loss of $1,356,222), with the cash outflow used in operating activities of $200,935 (2019: cash outflows of $130,498). As at 30 June 2020, the Group has a net current asset position of $1,136,085 which includes Contract Liabilities of $319,620 (30 June 2019: $44,361 Net Current Liability). Contract liabilities are unearned revenue which will be recognised over the coming period, which has no associated cash outflow.

The Directors believe there are reasonable grounds that the Group will be able to continue as a going concern after consideration of the following factors:

- Even with the impacts of COVID-19 the current business development prospects have improved, with 2H of FY20 showing significant improvements in both revenue (1H $2.05m vs 2H $2.11m) and cash receipts (1H $1.82m vs 2H $2.33m);
- Sale proceeds in the form of Cloudaron shares provides another avenue of liquidity should the business require it;
- The Directors remain committed to the long-term business plan that is contributing to improved results as the business progresses; and
- The budgets and forecasts reviewed by the Directors for the next twelve months anticipate the business will continue to produce improved results.

Furthermore, the Directors have the option of seeking further funding to support working capital and the business development activities of the Group by way of equity or convertible note debt finance. The Directors are of the opinion that these factors will allow the Group to focus on growth areas and on improving profitability. The Directors continue to monitor the situation closely and are focused on taking all measures necessary to optimise the Group's performance.

The Directors believe that the above indicators demonstrate that the Group will be able to pay its debts as and when they become due and payable and to continue as a going concern and be in a position to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

In the event that the Group does not achieve the conditions stated by the Directors, the ability of the Company and therefore the Group to continue as a Going Concern may be impacted and therefore the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report. No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the Group and company not continue as going concerns.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b) Significant accounting judgments, estimates and assumptions

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumption and conditions and may materially affect the financial results or the financial position reported in future years.

Key estimates

i. Impairment – Intangibles

The Group assesses impairment at the end of each reporting year by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

The impairment models for intangible asset balances incorporate growth rates in Australian (Expense8 and Perform8) revenues and expenses have been factored into valuation models for the next five years on the basis of management's expectations regarding the Group's continued ability to capture market share from competitors. The rates used incorporate an allowance for inflation. Pre-tax discount rates have been used in all models. These assets are considered to be sensitive to these assumptions and are carried in the statement of financial position at a written-down value of $1,765,720 (2019: $2,051,207). The blended average revenue growth rate of 15.11% has been used for the periods 2021 to 2025. A terminal growth rate of 2.0% has been used.

No impairment has been recognised in relation to the intangible assets for the year ended 30 June 2020.

Goodwill impairment is considered sensitive to the 2021 to 2025 revenue growth rate assumptions. The average growth rate would need to reduce to less than 10.23% for the period, with the WACC remaining at 13.29%, for an impairment of the intangible assets to occur on the reporting date.

ii. Provision for impairment of receivables

The directors have considered the recoverability of all trade receivable balances and they are of the opinion that no impairment provision is necessary. This estimate is based on their judgment.

iii. Intellectual Property – Software useful lives

Expense8 and Perform8 Software is recognised at the cost of acquisition. These assets are deemed to have an infinite useful life, however the directors based on their estimates and judgments have assessed a useful life of 5 years and are carried at cost less accumulated amortisation and any impairment losses.

iv. Capitalised Development Costs

Judgment is required in distinguishing the research and development phases of a new software development project. It is also required in determining whether the recognition requirements for the capitalisation of development costs are met. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Capitalised developments costs –- as disclosed in Note 13 'Intangible Assets' of $525,812 (2019: $811,299) have been capitalised on the basis that management expects future economic benefits to be derived by the Group. Capitalised development costs are being amortised over a period of 5 years, which is commensurate with managements' expectations as to the period of expected future economic from the product development.

v. Going concern basis on accounting

Refer to note 1(a).

vi. Share Based payments

The Group measures the cost of equity-settled transactions with by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

The valuations have been carried out at the grant date. The main areas of judgement and estimates include volatility, risk free rate and revenue growth assumption in the Black Scholes option pricing model.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

d) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting year are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed annually by officers of the 8common Group to ensure it is not in excess of the recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

f) Financial assets at fair value through other comprehensive income

Initial recognition and measurement

Financial assets are classified, at initial recognition, are subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

Financial assets at fair value through Other Comprehensive Income (OCI)

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. A financial asset is held for trading if:

• it has been acquired principally for the purpose of selling it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

• it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the asset revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings. Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. No dividends have been received during the year. The Group designated all financial assets in equity instruments that are not held for trading as at FVTOCI on initial recognition (see note 15).

g) Principles of Consolidation and intangible assets

The consolidated financial statements incorporate all of the assets, liabilities and results of 8common Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. After initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g) Principles of Consolidation and Intangible Assets (cont)

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained Loss are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the year in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

The accounting for the business combinations is considered provisional.

Intangibles Other than Goodwill

Intellectual Property – Software

Software is recognised at cost of acquisition. These assets are deemed to have an infinite life, however the directors have assessed a useful life of five (5) years and are carried at cost less accumulated amortisation and any impairment losses. These assets will be assessed for impairment on an annual basis.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g) Principles of Consolidation and Intangible Assets (cont)

Development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development; and
- The ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Travel and Expense Management product development costs are amortised over the period of expected future benefit being 5 years. Amortisation is recorded in expenses. During the period of development, the assets are tested annually for impairment.

h) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the 8common Group prior to the end of the year and which are unpaid. The amounts are unsecured and are paid in accordance with supplier terms.

i) Deferred Consideration

As detailed in the ASX release on 8 May 2020 the deferred consideration receivable has been written off as a result of the predetermined thresholds not being met.

j) Contract liabilities

Contract liabilities represent services billed by the Group in advance of meeting its performance obligations to the customer. These obligations typically exist of 12 months and as such are classified as a current liability.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k) Employee Entitlements

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bond rates that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution superannuation benefits

All Australian employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

l) Taxation

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

l) Taxation (con't)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

8common Limited and its wholly owned Australian subsidiary (Expense8 Pty Limited) have formed an income tax consolidated group under tax consolidation legislation as of 3 March 2014. Each entity in the 8common Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The 8common Group notified the Australian Taxation Office that it had elected to form an income tax consolidated group as of 3 March 2014.

m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or Options are shown in equity as a deduction, net of tax, from the proceeds.

n) Share based payments

The Group operates an employee option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

o) Revenue

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations;

Step 5: Recognise revenue as the performance obligations are satisfied.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

o) Revenue (cont)

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Annual Licence Fees are invoiced for 12 months in advance but allocated to Unearned revenue in the Statement of Financial Position until they can be taken to the Profit & Loss in the relevant month over the term of the licence.

Monthly SaaS revenue is monthly revenue taken to the Profit and Loss as per the contract with the customer which is billed monthly in arrears. This includes platform fees, transaction fees, usage fees, card fees and travel fees to name a few inclusions.

Change Requests refer to changes that a client request be made to their system that is specific to them (ie. Change of name, change of authorisation level etc). These are typically invoiced on agreed milestones per the change request. Revenue is recognised upon the completion of work.

Consulting fees relate to revenues earned on non technical 3rd party contractors utilised for projects. These are billed monthly in arrears, which coincides with the service being provided.

Implementation revenue is invoiced and allocated to the Profit and Loss when agreed milestones are achieved during the course of an implementation. Revenue is recognised upon the completion of work.

Other associated services relate to client reimbursements and other miscellaneous revenue.

Interest revenue is recognised using the effective interest method. Any R&D income received is recognised on receipt. All revenue is stated net of the amount of goods and services tax.

p) Consumption Taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

q) Accounting Standards Issued but not yet effective

A number of new standards, amendments to standards and interpretations have been published but are not yet mandatory and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these standards as the following new or amended standards are not expected to have a significant impact on the Group's financial statements:

Conceptual Framework for Financial Reporting - The International Accounting Standards Board (IASB) has issued the revised Conceptual Framework for Financial Reporting. The primary purpose of the Framework is to assist the IASB (and the Interpretations Committee) in identifying concepts that it will use when setting accounting standards. Amendments were made to apply new definition and recognition criteria for assets, liabilities, income and expenses, and other relevant financial concepts. The revised Framework will be used in future standard-setting decisions but no changes have been made to existing International Financial Reporting Standards. The Group is assessing the potential impact on its financial statements but do not believe there will be a material impact from this change. The application of this Standard is for periods beginning on or after 1 January 2020.

r) New Accounting Standards Adopted

AASB 16 Leases

The Group adopted AASB 16 as of 1 July 2019, however no impact was recorded as the current operating lease at the George Street premises is on a monthly lease, which is exempt from the scope of AASB 16.

NOTE 2: PARENT INFORMATION

	PARENT ENTITY	
	2020 $	2019 $
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
ASSETS		
Current assets	1,009,149	234,199
Non-current assets	4,897,389	7,522,298
TOTAL ASSETS	5,906,538	7,756,497
LIABILITIES		
Current liabilities	140,277	207,862
Non current liabilities	1,963,846	2,039,859
TOTAL LIABILITIES	2,104,123	2,247,721
EQUITY		
Issued capital	10,979,259	9,944,455
Accumulated losses	(5,943,579)	(4,914,429)
Reserves	(1,233,265)	478,750
TOTAL EQUITY	3,802,415	5,508,776
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(793,643)	(1,132,247)
Total comprehensive loss	(793,643)	(1,132,247)

Guarantees

No cross guarantees existed during the year ended 30 June 2020.

Contingent liabilities

At 30 June 2020, 8common Limited is not responsible for any contingent liabilities of subsidiaries.

Contractual commitments

At 30 June 2020, 8common Limited was not responsible for any contractual commitments of any of its subsidiaries.

NOTE 3: REVENUE

		Consolidated Group	
		2020 **$**	**2019** **$**
a.	**Revenue**		
	Consulting fees, Change requests and implementations	1,189,299	1,438,667
	Annual Licence fees & SaaS revenue	2,490,484	1,922,418
	Other revenue	79,548	113,090
	Total revenue	3,759,331	3,474,175
b.	**Other Income**		
	Interest received	750	1,309
	Research & development incentive income	344,937	225,438
	Other revenue – cashflow boost and paid maternity leave	63,331	-
	Total Other revenue	409,018	226,747
	Total Revenue	**4,168,349**	**3,700,922**

NOTE 4: EXPENSES FOR THE YEAR

Loss before income tax from continuing operations includes the following specific expenses:

	2020	2019
Expenses		
Cost of sales	561,426	1,065,913
Borrowing costs on financial liabilities:		
– unrelated parties	342	20,979
	342	20,797
Depreciation	7,786	27,567
Amortisation	285,487	665,443
	293,273	693,010
Employee benefits expense:		
– defined contribution superannuation expense	129,982	109,968
Occupancy expenses include		
Rental expense on short term operating leases	78,785	76,364

NOTE 5: TAX (BENEFIT) / EXPENSE

		Consolidated Group	
		2020	**2019**
		$	**$**
a.	The components of tax (expense)/income comprise:		
	Current tax	(34,737)	61,855
	Deferred tax	5,065	(43,782)
	Income tax (expense)/income attributable to entity	(29,672)	18,073
b.	The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
	Prima facie tax payable on profit from ordinary activities before income tax	(212,965)	(377,931)
	Tax effect of:		
	Impairment	106,700	-
	share issue costs	-	34,506
	Provisions and accruals	(29,705)	62,449
	Share based payments expense	84,992	72,325
	amortisation	80,650	190,578
	Income tax (benefit) / expense attributable to entity	29,672	(18,073)
c.	Unrecognised deferred tax balances:		
	The following deferred tax assets have not been brought to account:		
	Losses available for offset against future taxable income	2,240,594	1,711,908

Deferred tax assets arising from tax losses are, to the extent noted above, not recognised at reporting date as realisation of the benefit definite. This deferred income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation is complied with, including Continuity of Ownership and/or Same Business Tests; and
- no changes in tax legislation adversely affect the Group in realising the benefit.
- the Group is in the process of preparing its 30 June 2020 consolidated income tax return

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2020.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	Consolidated Group	
	2020	**2019**
	$	**$**
Short-term employee benefits	805,516	549,297
Post-employment benefits	30,717	13,854
Share based payments	198,560	106,826
Total KMP compensation	1,034,793	669,977

Short-term employee benefits

These amounts include fees and benefits paid to the executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Group's superannuation contributions made during the year.

NOTE 7: AUDITORS' REMUNERATION

	Consolidated Group	
Remuneration of the auditor, Walker Wayland NSW Chartered Accountants for:	**2020** **$**	**2019** **$**
– auditing or reviewing financial statements	43,000	48,825
– taxation services	8,106	3,889
– Other services	3,000	7,100
	54,106	59,814

Note 8: LOSS PER SHARE

		Consolidated Group	
		2020	**2019**
		$	**$**
a.	Loss used to calculate basic and diluted loss per share	(804,089)	(1,356,222)
		No.	**No.**
b.	Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share	167,049,722	142,787,945
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive loss per share	167,049,722	142,787,945

NOTE 9: CASH AND CASH EQUIVALENTS

Cash at bank	1,842,492	1,033,383

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,842,492	1,033,383
	1,842,492	1,033,383

NOTE 10: TRADE AND OTHER RECEIVABLES
CURRENT

Trade and other receivables	244,431	335,755
	244,431	335,755

a. **Provision for Impairment of Receivables**

The directors have considered the recoverability of all trade receivable balances and they of the opinion that no impairment provision is necessary. The Group did not suffer any affects related to the recoverability of trade receivables during the COVID-19 pandemic.

b. **Credit Risk**

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group.

The Group has no significant credit risk exposure in any country in which the Group trades.

The balances of receivables that are within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount $	Past Due and Impaired $	Past Due but Not Impaired (Days Overdue) < 30 $	31–60 $	61–90 $	> 90 $	Within Initial Trade Terms $
2020							
Trade and other receivables	244,431	-	100,129	27,440	20,247	7,446	89,169
Total	244,431	-	100,129	27,440	20,247	7,446	89,169

	Gross Amount $	Past Due and Impaired $	Past Due but Not Impaired (Days Overdue) < 30 $	31–60 $	61–90 $	> 90 $	Within Initial Trade Terms $
2019							
Trade and other receivables	335,755	-	37,465	43,240	1,100	-	253,950
Total	335,755	-	37,465	43,240	1,100	-	253,950

NOTE 10: TRADE AND OTHER RECEIVABLES (CONTINUED)

c. **Financial Assets Classified as Trade and Other Receivables**

	Consolidated Group	
	2020	**2019**
	$	**$**
Trade and other receivables:		
– total current	244,431	335,755
Financial assets	244,431	335,755

NOTE 11: INTERESTS IN SUBSIDIARIES & ACQUISITIONS

a. **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	**Principal Place of Business**	**Ownership Interest Held by the Group**	
		2020	**2019**
		%	**%**
Expense8 Pty Ltd	Australia	100	100
Payhero Holdings Pty Ltd	Australia	100	100

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2020	**2019**
	$	**$**
Plant and Equipment		
Plant and equipment:		
At cost	35,771	25,621
Accumulated depreciation	(22,874)	(15,088)
	12,897	10,533

a. **Movements in Carrying Amounts**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	2020	**2019**
	$	**$**
Balance at beginning of year	10,533	38,100
Additions/disposals	10,150	-
Depreciation expense	(7,786)	(27,567)
Balance at end of year	12,897	10,533

NOTE 13: INTANGIBLE ASSETS

	30 June 2020 $	30 June 2019 $
Goodwill arising on acquisition of Expense8 Pty Ltd	1,225,108	1,225,108
Total Goodwill	**1,225,108**	**1,225,108**
Trademark for Expense8 & 8common	4,800	4,800
Total Trademarks	**4,800**	**4,800**
Intellectual property – Expense8	833,000	833,000
Less: accumulated amortisation	(833,000)	(833,000)
	-	-
Development Costs	1,427,413	1,427,413
Less: accumulated amortisation (i)	(901,601)	(616,114)
	525,812	811,299
Intellectual property – Payhero	10,000	10,000
	10,000	10,000
Intellectual property – Perform8	900,000	900,000
Less: accumulated amortisation	(900,000)	(900,000)
	-	-
Total Intellectual Property & Development Costs	**535,812**	**821,299**
Total Intangibles	**1,765,720**	**2,051,207**

(i) Travel and Expense Management product development costs are amortised over the period of expected future benefits being 5 years. Amortisation is recorded in expenses. During the period of development, the assets are tested annually for impairment.

NOTE 13: INTANGIBLE ASSETS (continued)

	Goodwill	Acquired Intellectual property	Software Development Costs	Total
	$	$	$	$
Consolidated Group:				
Year ended 30 June 2020				
Balance at the beginning of the year	1,225,108	14,800	811,299	2,051,207
Amortisation charge	-	-	(285,487)	(285,487)
	1,225,108	**14,800**	**525,812**	**1,765,720**
Consolidated Group:				
Year ended 30 June 2019				
Balance at the beginning of the year	1,225,108	437,516	1,054,026	2,716,650
Amortisation charge	-	(422,716)	(242,727)	(665,443)
	1,225,108	**14,800**	**811,299**	**2,051,207**

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill has an indefinite useful life. Development costs have been amortised since 1 January 2017.

Impairment disclosures

Goodwill is allocated to cash-generating units (CGU) which are based on the Group's reporting segments:

	2020	2019
	$	$
Australian CGU – Expense8	1,225,108	1,225,108

The recoverable amount of the Australian CGU above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period with the period extending beyond 5 years extrapolated using an estimated growth rate. The cash flows are discounted using the company's weighted average cost of capital.

The following key assumptions were used in the value-in-use calculations:

	Terminal Growth	5 year Growth Rate	Discount Rate
Australian CGU	2.0%	15.11% pa	13.29%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated considering historical gross margins as well as estimated weighted average inflation rates over the year, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

The blended average revenue growth rate of 15.11% has been used for the periods 2021 to 2025. A terminal rate of 2.0% has been used. Goodwill impairment is considered to be sensitive to the 2021 to 2025 growth rate assumptions. The average growth rate would need to reduce to less than 10.23% in order for an impairment of the intangible asset to occur at the reporting date.

NOTE 14: OTHER ASSETS

	Consolidated Group	
	2020	**2019**
	$	**$**
CURRENT		
Prepayments	95,854	29,831
Other	-	553
	95,854	30,384

NOTE 15: FINANCIAL ASSETS

	Note	2020	2019
		$	**$**
Financial assets at fair value through other comprehensive income	(i)	1,318,807	3,560,779
Deferred consideration	(ii)	-	388,000
		1,318,807	3,948,779

Note:

As part of the sale and purchase agreement dated 15 February 2018 of the remaining 90% of Realtors8 Pte Ltd sale to Cloudaron Group Berhad (listed on Bursa Malaysia CLOUD:MK), a total consideration of SGD$4,230,000 was agreed to be paid in 2 tranches as follows:

(i) This amount relates to the fair value of the shares held in Cloudaron Group Berhad and based on the market price on the Bursa Stock Exchange as at 30 June 2020. The financial assets at fair value through other comprehensive income was $1,089,566 as at 28 August 2020.

(ii) As advised to the ASX on 8 May 2020 the minimum EBITDA for the issue of the Tranche 2 payment was not met by Realtor8 Pte Ltd and accordingly the full deferred consideration component of $388,000 was impaired and written off to the Statement of Profit or Loss and Other Comprehensive Income.

a) Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

– Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
– Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
– Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following notes (b) and (c) provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the year ended 30 June 2020.

NOTE 15: FINANCIAL ASSETS (cont)

Fair value hierarchy
All financial instruments for which fair value is recognised or disclose are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:
Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement in unobservable
For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisations (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
There were no changes in the Group's valuation processes, valuation techniques, and types of inputs in the fair value measurements during the period.

	30 June 2020		30 June 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Consolidated Group:				
Deferred consideration	-	-	388,000	388,000
Financial assets at fair value through other comprehensive income	1,318,807	1,318,807	3,560,779	3,560,779
Total	**1,318,807**	**1,318,807**	**3,948,779**	**3,948,779**

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 30 June 2020:

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$	$	$	$
As at 30 June 2020:				
Financial assets measured at fair value:				
Deferred consideration	-	-	-	-
Financial assets at fair value through other comprehensive income	1,318,807	1,318,807	-	-

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$	$	$	$
As at 30 June 2019:				
Financial assets measured at fair value:				
Deferred consideration	388,000	-	388,000	-
Financial assets at fair value through other comprehensive income	3,560,779	3,560,779	-	-

NOTE 16: TRADE & OTHER PAYABLES

	Consolidated Group	
	2020	2019
	$	$
Unsecured liabilities:		
Trade payables	37,519	351,920
Sundry payables and accrued expenses	398,602	452,129
Australian Tax Office - GST & PAYG payable	120,490	172,566
	556,611	976,615

a. **Financial liabilities at amortised cost classified as trade and other payables**

Trade and other payables:		
– total current	556,611	976,615
Financial liabilities as trade and other payables	556,611	976,615

NOTE 17: CONTRACT LIABILITIES

Contract liabilities:	319,620	371,097
Total	319,620	371,097

Contract liabilities represent services billed by the Group in advance of meeting its performance obligations to the customer. These obligations typically exist of 12 months and as such are classified as a current liability.

NOTE 18: TAX

	Consolidated Group	
CURRENT	**2020**	**2019**
	$	**$**
Income tax payable	-	-
NON CURRENT		
Deferred tax asset	143,752	138,687

Deferred tax asset

	Opening Balance	Charged to Income	Charged Directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
	$	$	$	$	$	$
NON-CURRENT						
Deferred tax assets						
Provisions & accruals	138,687	5,065	-	-	-	143,752
Balance at 30 June 2020	138,687	5,065	-	-	-	143,752
NON-CURRENT						
Deferred tax assets						
Provisions & accruals	147,963	(9,276)	-	-	-	138,687
Share issue costs	34,506	(34,506)	-	-	-	-
Balance at 30 June 2019	182,469	(43,782)	-	-	-	138,687

The Group has reviewed its deferred tax assets with reference to the potential impact of COVID-19 on forecast taxable profits. Management has determined that it is probable that future taxable profits will be available to utilise against deferred tax assets recognised as at 30 June 2020.

NOTE 19: PROVISIONS

Analysis of total provisions

	Consolidated Group	
	2020	**2019**
	$	**$**
Current – leave	170,461	96,171
Non-current – leave	50,620	60,998
	221,081	157,169
Balance at beginning of year	157,169	123,436
Additions in the year/(amounts used)	63,912	33,733
Balance at end of year	221,081	157,169

NOTE 19: PROVISIONS (continued)

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of the annual leave balance classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(l).

NOTE 20: ISSUED CAPITAL

	Date	Price	No.	$
Balance as at 30 June 2019			**153,768,696**	**9,959,064**
Shares issued	15 July 2019	$0.035	806,100	28,214
Shares issued	19 July 2019	$0.035	1,302,926	45,602
Shares issued	1 August 2019	$0.035	100,000	3,500
Shares issued	23 August 2019	$0.035	407,500	14,263
Shares issued	18 December 2019	$0.035	68,600	2,401
Shares issued	14 January 2020	$0.035	6,040,000	211,400
Shares issued	24 January 2020	$0.035	1,593,983	55,789
Shares issued	31 January 2020	$0.035	3,038,000	106,330
Shares issued	10 February 2020	$0.035	15,791,313	552,696
		Total	**29,148,422**	**1,020,195**
Balance as at 30 June 2020			**182,917,118**	**10,979,259**

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 20: ISSUED CAPITAL (continued)

a. **Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Consolidated Group	
	2020	**2019**
	$	**$**
Total borrowings	-	-
Less cash and cash equivalents	(1,842,492)	(1,033,383)
Net Debt	(1,842,492)	(1,033,383)
Total equity	4,367,724	6,043,847
Total capital	10,979,259	9,959,064
Gearing ratio	0%	0%

NOTE 21: CAPITAL AND LEASING COMMITMENTS

The company does not have any capital or operating leases and accordingly has no commitments to report.

NOTE 22: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at the date of this annual report.

NOTE 23: OPERATING SEGMENTS

The Group has currently only has one reportable segments (FY19 it had one reportable segment), as described below, which is the groups strategic business unit. The Group has identified its business unit based on internal reports that are reviewed on a monthly basis and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The following summary describes the operations in each of the Group's reportable geographic segments:

- Productivity & Performance (including Expense8 and Perform8): Expense8 is a Travel & Expense management software solution that manages and streamlines the end-to-end processing of employee-generated expenses. By using Expense8, clients' administration of expenses charged to corporate credit cards is made easier. Perform8 is an advanced survey and action planning solution that diagnoses and prioritises areas for improvement across your business. Its unique methodology drives continuous improvement throughout an organisation, maximising employee engagement and boosting productivity levels.

The revenue and net profit figures below are based on the full financial year.

Year ended June 2020	**Performance & Productivity**	**Head Office**	**Total**
	$	**$**	**$**
Total segment revenue	3,823,201	345,148	4,168,349
Net Profit / (Loss) after tax for the Period	3,894	(807,983)	(804,089)
EBITDA	(379,692)	(101,859)	(481,551)
Total segment assets			
30 June 2020	3,662,491	1,761,463	5,423,954
Total segment liabilities			
30 June 2020	933,641	163,671	1,097,312

Year ended June 2019	**Performance & Productivity**	**Head Office**	**Total**
	$	**$**	**$**
Total segment revenue	3,475,313	225,609	3,700,922
Net profit / (loss) after tax for the period	1,286,204	(2,642,426)	(1,356,222)
EBITDA	(52,831)	(368,465)	(421,296)
Total segment assets			
30 June 2019	4,007,132	3,541,596	7,548,728
Total segment liabilities			
30 June 2019	1,193,884	310,997	1,504,881

NOTE 24: CASH FLOW INFORMATION

		Consolidated Group	
		2020	**2019**
		$	**$**
a.	**Reconciliation of Cash Flow from Operations with Loss after Income Tax**	(804,089)	(1,356,222)
	Non-cash flows in profit:		
	- Amortisation	285,488	665,443
	- Depreciation	7,786	27,567
	- Non-cash share based payment	309,060	263,629
	- impairment	388,000	-
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
	- (Increase) / Decrease in trade and other receivables	91,324	1,649
	- (Increase) / Decrease in other assets	(65,465)	40,029
	- Increase / (Decrease) in trade payables and accruals	(471,885)	(90,738)
	- Increase / (Decrease) in income tax payables	-	240,630
	- (Increase) / Decrease in deferred tax assets	(5,065)	43,782
	- Increase / (Decrease) in provisions	63,911	33,733
	Cash flow from Operating activities	(200,935)	(130,498)

b. **Acquisition of Entities**

Refer to Note 11: Interests in subsidiaries

c. There were no non cash investing and financing activities during the year.

NOTE 25: ASSET REVALUATION RESERVE

Asset revaluation reserve relates to unrealised gain or loss on the revaluation of financial assets held at fair value through other comprehensive income.

NOTE 26: EVENTS AFTER THE REPORTING YEAR

On the 25 August 2020, 8common successfully received a $545k TCV (Total Contract Value) contract from Service Delivery Office (SDO) of the Federal Department of Finance to deliver Expense8 as a shared service to

- Safe Work Australia
- Fair Work Ombudsman
- Australian Skills Quality Authority
- Australian Public Service Commission
- Australian Building and Construction Commission

Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) signed a 3-year contract (plus contract extensions) with a TCV of $152k.

On 27 August 2020, 8common entered into a 3 year agreement with card solutions provider EML Payments to create a CardHero branded re-loadable card program. Under the agreement, 8common will be able to issue CardHero branded pre-paid Mastercards in partnership with EML.

NOTE 27: RELATED PARTY TRANSACTIONS

Related Parties

a. **The Group's main related parties are as follows:**

(i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is 8common Limited, which is incorporated in Australia.

(ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

(iii) *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b. **Transactions with related parties:**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Current Year

A company that Mr Lim is an owner of 8capita Sdn Bhd, provided outsourced labour hire to the group during the year. The total value of the services provided for the year was $160,991.

Prior Year

A company that Mr Lim is an owner of 8capita Sdn Bhd, provided outsourced labour hire to the group during the year. The total value of the services provided for the year was $159,781.

NOTE 28: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, account receivable and payable, loans to and from subsidiaries, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statement, are as follows:

	Note	Consolidated Group	
		2020	**2019**
		$	**$**
Financial assets			
Cash and cash equivalents	9	1,842,492	1,033,383
		1,842,492	1,033,383
Trade and other receivables	10	244,431	335,755
Financial assets at fair value through other comprehensive income	15	1,318,807	3,560,779
		1,563,238	3,896,534
Total financial assets		3,405,730	4,929,917
Financial Liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	16	556,611	976,615
Total financial liabilities		556,611	976,615

Financial Risk Management Policies

The Audit Committee has the responsibility of managing the financial risk exposures of the consolidated group. The consolidated entity's activities expose it to a variety of financial risks: market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous year.

a. **Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the consolidated group. The consolidated groups has adopted a policy of generally dealing with reputable counterparties as a means of mitigating the risk of financial loss from defaults

Trade receivables consist of a large number of customers and ongoing credit evaluation is performed on the accounts regularly. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The carrying amounts of financial assets recorded in the financial statements, net of any allowance for losses, represent the consolidated entity's maximum exposure to credit risk.

b. **Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity by maintaining adequate reserves and by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets with financial liabilities.

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	2020	**2020**	**2020**	**2020**
Consolidated Group	**$**	**$**	**$**	**$**
Financial liabilities due for payment				
Trade payables	556,611	-	-	556,611
Total contractual outflows	556,611	-	-	556,611

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	2019	**2019**	**2019**	**2019**
Consolidated Group	**$**	**$**	**$**	**$**
Financial liabilities due for payment				
Trade payables	976,615	-	-	976,615
Total contractual outflows	976,615	-	-	976,615

d. **Fair values**

The fair values of financial assets and financial liabilities at balance date equate to their carrying values.

c. **Market risk**

(i) *Interest rate risk:*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. No material interest rate risk exists as the convertible notes have a fixed interest rate of 10%. Interest rate risks on interest earning cash balances are not considered material.

NOTE 29: SHARE BASED PAYMENTS

Employee Share Option Plan

The Group established the 8common Employee Share Option Scheme on 30 November 2016 as a long-term incentive scheme to recognise talent and motivate employees to strive for group performance. All employees are entitled to participate in the share option scheme. Employees are granted options which vest over two years. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including growth in shareholder return, return on equity, cash earnings and Group earnings per share growth.

On 30 June 2019, 7,650,000 share options were granted to employees in the 8common Limited employee share option plan to take up ordinary shares at an exercise price of $0.168 each. The options are exercisable on or before 30 June 2022. The options hold no voting or dividend rights and are not transferable.

On 30 June 2020, 1,800,000 share options were granted to employees in the 8common Limited employee share option plan to take up ordinary shares at an exercise price of $0.091 each. The options are exercisable on or before 30 June 2023. The options hold no voting or dividend rights and are not transferable.

Options granted to all employees are as follows:

Employee type	Number issued	Vested as at 30 June 2020	Vested as at 30 June 2019
Key Management Personnel	4,900,000	3,350,000	1,550,000
All other employees	4,240,000	2,120,000	2,120,000
Total	**9,140,000**	**5,470,000**	**3,670,000**

Further details of these options are provided in the directors' report. The options hold no voting or dividend rights and are unlisted. The options lapse within 30 days when a key management personnel ceases their employment with the Group should they not exercise their option. 310,000 options lapsed during the year as a result of cessation of employment. No employee share options were exercised during the year.

	Number	Weighted Average exercise price $
Balance as at beginning of the year	7,650,000	0.168
Options lapsed/forfeited during the year	(310,000)	0.168
Options granted during the year	1,800,000	0.091
Balance as at 30 June 2020	**9,140,000**	**0.153**

The weighted average remaining life of options outstanding at year-end is 2.2 years. The average exercise price of outstanding options at the end of the reporting period is $0.153.

The fair value of the options granted to employees is considered to represent the value of the employee services received over the vesting period.

The weighted average fair value of options vested during the year was $309,060 (2019: $263,629). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

	30 June 2020	30 June 2019
Weighted average exercise price:	$0.091	$0.168
Weighted average life of the option:	3 years	3 years
Expected share price volatility:	65.0%	74.5%
Risk-free interest rate:	0.99%	0.99%
Fair value per option	$0.025	$0.068

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.
The remaining Share based payment reserve of $529,957 as at 30 June 2020 relates to employee share option reserve recognised as expenses on valuation of the employee share options.

NOTE 30: COMPANY DETAILS

The registered office of the company is:

8common Limited
Level 11, Suite 11.01
60 Castlereagh Street
SYDNEY NSW 2000

The principal places of business are:

- 8common Limited
  Expense8 Pty Limited
  Level 2
  383 George Street
  SYDNEY NSW 2000

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of 8common Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 22 to 55 are in accordance with the Corporations Act 2001 and:
    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the consolidated group;

2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

……….

Kah Wui "Nic" Lim

Director

Dated this 31st day of August 2020

Walker Wayland NSW
Chartered Accountants

ABN 55 931 152 366

Level 11, Suite 11.01
60 Castlereagh Street
SYDNEY NSW 2000

GPO Box 4836
SYDNEY NSW 2001

Telephone: +61 2 9951 5400
Facsimile: +61 2 9951 5454
mail@wwnsw.com.au

Website: www.wwnsw.com.au

INDEPENDENT AUDIT REPORT TO THE SHAREHOLDERS OF 8COMMON LIMITED

REPORT ON THE FINANCIAL REPORT

OPINION

We have audited the accompanying financial report of 8common Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion:
(a) the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

I. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
II. complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

The key audit matters, are the matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. The matters were addressed in the context of our audit of the financial report, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Going Concern Basis of Accounting (Note 1a)
The Group has incurred a net loss after tax for the year ended 30 June 2020 of $804,089 (2019: loss of $1,356,222) and incurred a cash outflow from operating activities of $200,935 (2019: cash outflow of $130,498). These conditions may cast significant doubt on the entity's ability to continue as a going concern, however, the directors have made the assessment that no material uncertainty exists in relation to the Group's ability to continue as a going concern as a result of the mitigating factors referred to below, accordingly the directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report.

The mitigating factors are reliant on the Group's ability to generate sufficient cash surpluses from operations, selling its investment in Cloudaron shares and continuing to receive financial support from its directors and shareholders.

This area is a key audit matter due to the subjectivity and judgment required by management in preparing the cash flow forecast for the period to 12 months from the date of the signing of the financial report, on which the group's ability to continue operating as a going concern has been based.</td><td>Our procedures included, amongst others:
• assessing management's ability to prepare accurate forecasts by comparing prior year forecasts to actual results;
• assessing the forecast growth in revenue by reviewing service contracts signed subsequent to 30 June 2020;
• assessing the reasonableness of the significant assumptions used in the cash flow forecast;
• testing the mathematical accuracy of the cash flow forecast and agreeing the opening cash position to the audited balances;
• performing sensitivity analysis in relation to key assumptions including the sales revenue growth rate, cash outflows from operations and incorporating the impact of events that have occurred subsequent to the balance sheet date but prior to the date of the signing of financial report; and
• assessing the adequacy of the related disclosures within the financial report.</td></tr>
<tr><td>Capitalised Development Costs – Recognition and Carrying Value (Note 13)
Capitalised software development costs at 30 June 2020 have a net carrying value in the consolidated statement of financial position of $525,812 (2019: $811,299) in relation to the Expense8 suite of products.
AASB 138 Intangible Assets requires that specific criteria are met in order to capitalise development costs. The costs are being amortised over a period of 5 years as this is the period over which management expects to generate future economic benefits from license sales.
This area is a key audit matter due to subjectivity and management judgment applied in the assessment of whether the costs meet the capitalisation criteria and in determining the useful life of the product that forms the amortisation period.</td><td>Our procedures included, amongst others:
• assessing the group's accounting policy in respect of product development costs for adherence to AASB 138;
• testing a sample of amounts capitalised to supporting documentation and assessing compliance with the recognition criteria of AASB 138;
• recalculating the amortisation expense of assets available for use;
• assessing the reasonableness of the amortisation period by reference to comparable market data; and
• assessing the adequacy of related disclosures within the financial report.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
Intangible Assets – Impairment Testing (Note 13) The group has intangible assets recorded on the consolidated statement of financial position at 30 June 2020 of $1,765,720 (which includes goodwill of $1,225,108) (2019 intangibles: $2,051,207). No impairment has been recognised in the year. AASB 136 Impairment of Assets requires that an intangible asset with an indefinite useful life, such as goodwill, is tested annually for impairment and an intangible asset with a definite useful life, such as capitalised development costs, be reviewed for indicators of impairment. This is a key audit matter due to the judgment and assumptions applied in preparing a value-in-use model to satisfy the impairment test. Forecasting future cash flows and applying an appropriate discount rate inherently involves a high degree of estimation and judgment by management.	**Our procedures included, amongst others:** • assessing managements' ability to prepare accurate forecasts by comparing prior year forecasts to actual results; • assessing the assumptions used for the growth rate by comparing the normalised average growth rate from 2014 to 2020 to the growth rate adopted in the impairment model in conjunction with the knowledge and information we have obtained regarding future growth expectations; • assessing the key assumptions for long term growth in the forecast cash flows by comparing them to industry forecasts; • assessing the discount rate applied to reflect the cost of capital of the group; • engaging external experts to review the discount rate (including the company's Beta and market risk premium) and assessing the results of the expert; • testing the mathematical accuracy of the value-in-use model; • agreeing the inputs in the value-in-use model to relevant data including approved budgets and latest forecasts; • performing sensitivity analysis in relation to key assumptions including growth rate, discount rate and terminal value; and • assessing the adequacy of the related disclosures within the financial report.
Share based payments expense – Measurement (Note 29) During the year ended 30 June 2020, share based payments expense in relation to employee share options granted has been recognised in the statement of profit and loss amounting to $309,060. This area is a key audit matter due to the subjectively and management judgement applied in the assessment of the fair value of the options pursuant to AASB 2 Share Based Payments. Subjectivity and judgement is involved in assessing the expected future stock price volatility of 8common's shares which is to be used for use in the Black Scholes Option Valuation Model.	**Our procedures included, amongst others:** • agreeing the options issued to signed documentation from the respective employees; • agreeing the inputs in the model to third party evidence; • reviewing the volatility calculation by reference to historical stock price data and comparable company volatilities; and • assessing the adequacy of related disclosures within the financial report.

Key audit matters	How our audit addressed the key audit matter
Revenue Recognition (Note 3) The Group has reported revenue from continuing operations of $3,759,331 as set out in Note 3. Revenue is based on detailed customer contracts that contain different pricing schedules and varying revenue recognition triggers. Complexity exists because of the specific nature of each customer contract which can include license fees, maintenance fees, change requests, implementation fees and consulting fees. Management judgement is required to estimate revenue recognition where cash flows do not align to contract performance obligations. We have included revenue recognition as a key audit matter due to the significance of revenue to the financial statements and the specific nature of the customer contracts.	**Our procedures included, amongst others:** • reviewing the revenue recognition policy; • Assessing management's assessment of the impacts of AASB 15 Revenue from Contracts with Customers; • Testing a sample of revenue recognised to Contracts with Customers; • testing a sample of revenue transactions by agreeing them to invoices, bank statements and contracts (where applicable); • testing a sample of deferred revenue balances by agreeing amounts to invoices, bank statements and contracts; and • testing the completeness and occurrence of revenue by comparing the total receipts from the bank statements to the total revenue recognised in the general ledger.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILTY FOR THE FINANCIAL REPORT

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparations of the financial report that give a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Australian Accounting Standards AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

walker wayland

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee than an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included the Directors' Report on pages 16 to 20 for the year ended 30 June 2020. The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted with Australian Auditing Standards.

OPINION

In our opinion, the Remuneration Report of 8common Limited for the year ended 30 June 2020, complies with Section 300A of the Corporations Act 2001.

RESPONSIBILITIES

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australia Auditing Standards.

Walker Wayland NSW

Walker Wayland NSW
Chartered Accountants

Wali Aziz
Partner

Dated this 31st of August 2020, Sydney

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 28 August 2020.

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	Number Ordinary Share	Number Options
1 – 1,000	27	-
1,001 – 5,000	26	-
5,001 – 10,000	157	-
10,001 – 100,000	327	8
100,001 and over	145	12
	682	20

b. The number of shareholdings held in less than marketable parcels is 44.

c. The names of the substantial shareholders listed in the holding company's register are:

Holder Name	Holding Balance
Kah Wui "Nic" Lim	26,483,851
Lau Kok Fui	17,224,886
HSBC Custody Nominees (Australia) Ltd	16,717,294
Maxwealth Capital Ltd	9,926,652

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. There is no current corporate buyback.

20 Largest Shareholders - Ordinary Shares

No	Holder Name	Holding	%
1	KAH WUI "NIC" LIM	26,483,851	14.48%
2	Lau Kok Fui	17,224,886	9.42%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,717,294	9.14%
4	MAXWEALTH CAPITAL LIMITED	9,926,652	5.43%
5	ZENYEN LIMITED	8,853,304	4.84%
6	MILA INVESTMENT CO PTY LTD	5,600,000	3.06%
7	CITICORP NOMINEES PTY LIMITED	5,403,790	2.95%
8	BNP PARIBAS NOMINEES PTY LTD	4,727,932	2.58%
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,452,162	2.43%
10	CASTLEREAGH HOLDINGS PTY LTD	4,345,987	2.38%
11	PERSHING AUSTRALIA NOMINEES PT Y LTD	2,947,638	1.61%
12	ASSET GROWTH FUND PTY LTD	2,800,000	1.53%
13	MS MEI YUN HUANG	2,760,000	1.51%
14	MARCUS DELL PTY LTD	2,754,185	1.51%
15	LIGUO CAPITAL PTY LTD	2,100,000	1.15%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,707,387	0.93%
17	M CONWAY INVESTMENTS PTY LTD	1,650,000	0.90%
18	TARANA INVESTMENTS PTY LTD	1,500,000	0.82%
19	PUNTERO PTY LTD	1,460,000	0.80%
20	MR THOMAS FREDERICK WHITING	1,380,500	0.75%
		124,795,568	**68.23%**

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Directors	Kah Wui Lim (Chairman) Adrian Bunter Nyap Liou Gan John Du Bois Kok Fui Lau
CEO	Andrew Bond
Company Secretary	Dean Jagger
Corporate Governance Statement	Refer to http://www.8common.com/wp-content/uploads/2015/03/Corporate-Governance-Statement1.pdf
Registered Office	Level 11, Suite 11.01, 60 Castlereagh Street, SYDNEY NSW 2000
Principal place of Business	Level 2 383 George Street Sydney NSW 2000
Share Registry	Automic Registry Services Level 5, 126 Phillip Street, SYDNEY NSW 2000
Auditor	Walker Wayland NSW Chartered Accountants Level 11, Suite 11.01, 60 Castlereagh Street, SYDNEY NSW 2000
Stock Exchange Listing	8common Limited and Controlled entities shares are listed on the Australian Securities Exchange (ASX code: 8CO)
Web site	www.8common.com

ir@8common.com

Level 2, 383 George St Sydney, NSW, Australia