

ASX RELEASE

31 January 2022

December 2021 Quarterly Activities Report

Highlights Q2 FY22:

- Strategic partnership with Hudson to lead roll-out of Applypay as its exclusive finance solution for the recruitment market
- Frontline Recruitment Group commits to 24-month SaaS contract
- BTI Executive Search commits to 36-month SaaS contract
- RGF Staffing APEJ commits to 12-month SaaS contract

Subsequent to Q2 FY22:

- Live market launch of the Applypay instalment-based finance offering
- Applypay transaction milestone secures two-year exclusivity with Hudson
- Adoption of Applypay, onboarding multiple recruitment agencies
- Record number of SaaS contracts for new business achieved in January

Applyflow SaaS

The momentum continued for Applyflow's SaaS products in Q2 FY22, concluding the calendar year with restructuring efforts in December, aligned with the recruitment industry's seasonal downturn and growth objectives in Q3 FY22.

December's downturn in sales activity was offset by significant new contracts with major clients earlier in the quarter.

Frontline Recruitment Group, part of Express Employment Professionals, a company with over 860 offices across the United States, Canada, South Africa, Australia and New Zealand signed a 24-month contract for Applyflow's SaaS products.

Expanding on the relationship with PERSOLKELLY, Applyflow has secured a new 36-month contract with BTI Executive Search, a part of PERSOLKELLY and one of the largest workforce

solution providers in APAC, spanning 6 countries, including Hong Kong, India, Indonesia, Malaysia, Singapore, and Thailand.

The company also secured a 12-month agreement with RGF Staffing APEJ, part of global player RGF Staffing, one of the world's largest HR services providers, with activities in Europe, the UK and North America with local brands like Chandler Macleod, Aurion and Peoplebank.

Applyflow's strategic relationships with major enterprises drive impactful revenue, and a compounding opportunity to amplify growth with child companies and regional opportunities, as well as accelerating adoption of new product offerings like Applypay.

Steve Butler, CEO of Applyflow, said "Every quarter we're seeing more deal flow. This includes both expansion contracts from existing relationships and new client contracts with some of the recruitment industry's biggest names."

In Q2 FY22, the company reorganised to focus on new customer acquisition and accelerating sales after previously announcing in Q1 FY22 that the majority of existing customers have been retained onto longer-term contracts.

Subsequent to the close of the quarter, Applyflow saw increased traction with a record number of contracts for new business.

Applypay

Applypay, a new offering from Applyflow, permits employers to use Applypay to pay recruiter invoices upfront in return for employers making four equal monthly instalment payments to Applypay.

Early in the quarter, Applyflow announced a strategic partnership with Hudson Global Resources (Aust) Pty Ltd (**Hudson**) for the roll-out of the Applypay solution for Hudson's recruiter invoices, together with joint development and marketing initiatives for Applypay.

Hudson is a market leader in the Asia-Pacific recruitment market, with revenue in its Australian operations in FY22 set to exceed A\$375 million. The joint collaboration on the development of the Applypay solution in the Australian market will apply initially to the

permanent placement recruitment market, with a commitment to expand into contract-labour and talent management revenue streams.

Subsequent to the close of the quarter, Applyflow announced the live market launch of the Applypay with maiden revenue and its financing of an invoice for Hudson recruitment services fees, a milestone securing a two-year exclusivity with Hudson.

Full roll-out of the Applypay offering to Hudson's clientele is expected in Q3 FY22, for permanent recruitment, while the development of the contract-labour solution is in progress.

Since launching Applypay, a number of recruitment agencies have signed up to the platform and are currently implementing the solution as part of their standard invoicing process.

Steve Butler, CEO of Applyflow, said "Continued validation of Applypay's product fit is encouraging with positive feedback from early adopters and favourable current macro employment trends."

Product development

Applyflow and Applypay achieved major product milestones without a significant change in the cost structure.

On schedule and within the quarter, the company released Applypay in beta, formalising the official launch in January 2022. Applypay is a proprietary technology that permits employers to use Applypay to pay recruiter invoices upfront in return for employers making four equal monthly instalment payments to Applypay.

Alongside continual improvements to the Applyflow product, the company achieved a major milestone, having released a public API, making Applyflow more accessible, easier for customers to integrate into, and the starting point for new potential use cases.

The company will continue to develop its proprietary technologies to improve customer value and deliver on growth opportunities.

Summary of expenditure for the quarter and related party payments

During the quarter, the group's total operating expenses (excluding depreciation, amortisation, impairment and share based payments) were approximately \$1,134,000, comprised of R&D (\$8,000), marketing (\$7,000), staff costs (\$673,000), and administration and corporate costs (\$446,000).

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates outlined in Item 6 of the Company's Appendix 4C were for salary and superannuation of Directors and fees for legal services provided by a law firm associated with Mr Papadopoulos.

The Company's cash balance as at 31 December 2021 was approximately \$6.29 million.

This announcement was approved for release to ASX by Applyflow's Board of Directors.

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About Applyflow

Applyflow is on a mission to make the recruitment experience better for everyone by giving recruiters an easy to use yet powerful tech solution to manage their entire business flow. A fresh take on what the recruitment process should be and the tools your team needs to make it a reality.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

APPLYFLOW LIMITED

ABN

29 107 371 497

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	594	1,282
1.2 Payments for		
(a) research and development	(8)	(21)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(7)	(7)
(d) leased assets		
(e) staff costs	(673)	(1,294)
(f) administration and corporate costs	(446)	(904)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(6)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material) <i>Applypay Pty Ltd deposits</i>	(28)	(50)
1.9 Net cash from / (used in) operating activities	(570)	(999)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(21)	(23)
(d) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(e) intellectual property (<i>development of Applyflow platform</i>)	-	(100)
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets	-	19
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(21)	(104)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,662
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options	-	26
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(422)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material) <i>lease repayment</i>	(38)	(74)
3.10 Net cash from / (used in) financing activities	(38)	5,192

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,919	2,207
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(570)	(999)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(21)	(104)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(38)	5,192
4.5	Effect of movement in exchange rates on cash held	1	(5)
4.6	Cash and cash equivalents at end of period	6,291	6,291

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,780	5,908
5.2	Call deposits	3,511	1,011
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,291	6,919

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	103
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(570)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,291
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	6,291
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	11
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: n/a	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.