

ASX RELEASE

27 April 2022

March 2022 Quarterly Activities Report

Highlights Q3 FY22:

- Hudson commits to 24-month SaaS contract
- Flexhive (a division of Hudson) commits to 24-month SaaS contract
- Jetstar commits to 36-month SaaS contract
- Total contract value of \$794k; 13 new SaaS customer contracts, 65 SaaS renewals
- Positive customer growth: net new SaaS customers for the period
- Launch of the Applypay instalment-based finance offering
- Applypay transaction milestone: secures two-year exclusivity with Hudson

Q3 brings new business

Q3 FY22 has seen a shift in the make-up of Applyflow's sales. After significant work in transitioning legacy customers on month-to-month contracts onto long-term SaaS contracts through the course of CY21 and continued success renewing SaaS contracts, Q3 has seen a shift from:

- (a) broadly consistent cash receipts being generated through contract signings reflecting mostly retained customers and revenue expansion with existing customers being offset by churn from uncontracted month-to-month customers; to
- (b) a position in which new sales, underpinned by new contract signings, contribute to a meaningful increase in cash receipts.

The emphasis has shifted from securing the existing customer base to realising an opportunity for Applyflow's sales team to obtain new business.

Steve Butler, CEO of Applyflow, said "We're seeing continued momentum in securing new SaaS customers and steadily improving key SaaS metrics, operations and product."

Applypay

Following the H1 FY2022 development of the Applypay platform and announcement of a strategic relationship with Hudson for use of the Applypay platform, Q3 FY2022 saw the launch of the platform and a transaction milestone to secure a minimum two-year period, where Applypay is the exclusive finance-solution offered by Hudson to its clients.

The Applypay platform has seen an average invoice value of ~\$16,000, with no bad debts recorded and repeat customers. It has also seen an evolution in the business model adopted so that recruiters absorb fees, meaning that their clients do not pay any surcharge to access instalment-based finance, improving adoption and activation of new users.

Hudson and Applypay have continued the collaboration and developments of the Applypay solution with a marketing and sales program targeting Hudson's Australian customer base, access to Hudson's experience of the commercial needs of its client base and progress towards expanding the Applypay solution with a tailored offering directed to financing contract-labour costs.

Steve Butler, CEO of Applyflow, said "The Applypay team has a strong focus on getting the fundamentals right and delivering functionality that complements and enhances our SaaS product to fulfil the back-office requirements of running a recruitment business".

Ongoing Product Innovation

In October 2019, Applyflow (then Nvoi) announced a strategic partnership with CareerOne pursuant to which CareerOne would provide licensed technology and development services to Applyflow.

In the course of Q3 FY22, Applyflow deployed improvements to its proprietary technology, enhancing functionality beyond that which CareerOne provided under the terms of the strategic partnership. The updates are important improvements for Applyflow customers, improving the platform, performance and the user experience.

The strategic partnership with CareerOne has completed and with Applyflow's new infrastructure the company has unlocked the potential to develop previously delayed strategic features based on the original roadmap projections. Alongside continued improvements to the platform, Applyflow expects to begin the rollout of new strategic

features in late Q4 that will improve customer acquisition and gain a growing competitive edge for Applyflow in the global recruitment technology landscape.

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 \$932,000, comprised of marketing (\$1,000), staff costs (\$661,000), and administration and corporate costs (\$270,000).

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.

The Company's cash balance as at 31 March 2022 was approximately \$5.90 million.

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

Contact

Steve Butler
CEO
steve@applyflow.com

John Winters
Non-Executive Director
john@applyflow.com

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 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	629	1,911
1.2 Payments for		
(a) research and development	-	(21)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(1)	(8)
(d) leased assets		
(e) staff costs	(661)	(1,955)
(f) administration and corporate costs	(270)	(1,174)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(2)	(8)
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>	(52)	(102)
1.9 Net cash from / (used in) operating activities	(357)	(1,356)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(2)	(25)
(d) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	(2)	(106)

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)	(112)
3.10 Net cash from / (used in) financing activities	(38)	5,154

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	6,291	2,207
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(357)	(1,356)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(106)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(38)	5,154
4.5	Effect of movement in exchange rates on cash held	3	(2)
4.6	Cash and cash equivalents at end of period	5,897	5,897

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	2,386	2,780
5.2 Call deposits	3,511	3,511
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)	5,897	6,291

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	96
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.</i>		
<i>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)	(357)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,897
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,897
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	16.5
<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: 27 April 2022

Authorised by: The Board of Directors
(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.