

ASX RELEASE

29 January 2021

December 2020 Quarterly Update

Highlights:

- Agreements signed with Adecco and PERSOLKELLY, major multi-national clients.
- New product launch positions for growth and go to market strategy in FYQ3.
- Operating expenses down \$500,000 (24%) from FYQ1.
- Name change, new branding and ASX ticker

Applyflow Ltd (ASX:AFW) (Applyflow or Company) has released its Appendix 4C Quarterly Report for the three month period ending 31 December 2020 and is pleased to provide the following update on its activities.

EVENTS DURING THE QUARTER

Applyflow continues its strategy to expand in the US\$3 billion global recruitment software market¹, with a vision and strong opportunity to overhaul the recruitment industry's dated systems, inefficient processes and poor user experience.

Applyflow achieved significant milestones for product development in the quarter, positioning the Company well on its planned growth trajectory.

The launch of the new JXT platform improves and expands Applyflow's offering with substantial improvements to core features, new features and an improved user experience. A growing list of significant enterprise recruitment agencies and SMBs went live on the new platform throughout the quarter.

In October and November two major clients, Adecco and PERSOLKELLY signed agreements followed by \$39,000 of new bookings in December for new product sales. With a growing focus on sales and go to market strategy in Q3 and a very healthy pipeline at the end of the quarter, the Company looks forward to announcing new customer growth in the coming months.

¹ <https://www.fortunebusinessinsights.com/industry-reports/recruitment-software-market-100081>

New contracts with Adecco and PERSOLKELLY

Two of the largest recruitment agencies in the world selected Applyflow's technology to power their recruitment websites and job boards in multiple regions under SaaS framework agreements.

Adecco, a Fortune Global 500 company agreed a new 12-month contract as announced to ASX on 13 October 2020.

PERSOLKELLY, one of the largest workforce solutions providers in the Asia Pacific region agreed a new 3-year contract as announced to ASX on 10 November 2020.

These agreements are a testament to the technology's demand and ability to serve enterprise clients with robust needs across multiple geographies.

Both Adecco and PERSOLKELLY are internationally renowned as recruitment industry leaders, promoting a high level of trust in the Applyflow brand and increased buyer confidence with new and existing customers.

New product launch

The new product launched in the quarter develops on the success of the original 'JXT' offering, providing an improved recruitment website and job board solution targeted to recruitment agencies.

Significant enterprise recruitment agencies and SMB customers have successfully onboarded to the new Applyflow platform, with the first segment being strategic in the reduction of infrastructure costs in a major migration project. Reduction of infrastructure costs commenced ahead of schedule with 20% savings in December 2020 and continued forecasted savings in FYQ3, resulting in substantial savings annually. Reliance on third-party licensing for major services has also significantly reduced, contributing to a further cost-saving of over \$100,000 per year.

Customer feedback is positive with recognition of improved product performance, additional features and added value to their business. Improved customer service, product features and planned rollout for the new product has improved customer confidence since the Company's acquisition of JXT in June 2020.

As at 31 December 2020, Applyflow has recorded 4.4m jobs posted across 177 cities globally with 12.7m applications processed within its network of recruitment websites and job boards. With a

global footprint, strong customer base, and key partnerships in place – the new product launch, continued product expansion initiatives positions the Company for growth in FYQ3.

Name change, new branding and ASX ticker

The Company sought and obtained shareholder approval on 12 November 2020 at its AGM for the Company to change its name to 'Applyflow Limited'. Following the change, the Company's ASX code changed to 'AFW'.

The change is part of the Company's broader strategy to consolidate its brands and make its mission very clear to the market, shareholders and employees, with the new brand positioning targeting the recruitment software industry.

Summary of expenditure for the quarter and related party payments

During the quarter, the group's total operating expenses were approximately \$1.6 million, down 24% from the September 2020 quarter. Expenses were comprised of product development (\$275,000), marketing (\$77,000), personnel and restructuring costs (\$680,000), and finance and administration costs (\$483,000).

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates outlined in the Company's Appendix 4C for the quarter related to salary and superannuation payments to Directors (\$96,000), and legal fees paid to Milcor Legal (a company associated with Mr Papadopoulos) for legal services (\$21,000).

The Company's cash balance as at 31 December 2020 was approximately \$3.297 million.

Appointment of CFO

Mr William Lim has been appointed the Chief Financial Officer of AFW. Mr Lim is a Senior Finance Manager and Head of CFO Advisory at the Automic Group. Having worked in audit and banking in various countries, Mr Lim's experience extends to both statutory, regulatory and management reporting in Australia and the UK, with strong technical accounting knowledge, financial analysis skills and project management skills. The Company would like to thank Ms Alison Crealy for her dedication and service in her role as CFO of AFW.

EVENTS SUBSEQUENT TO THE END OF THE QUARTER

The new product 'go to market strategy' commenced January 2021 with a continued focus on product development. With sales, marketing and product expansion initiatives underway, accelerated revenue growth is expected in the second half of FY21.

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

Contact

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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 2020

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	748	1,761
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(275)	(350)
(c) advertising and marketing	(77)	(126)
(d) leased assets		
(e) staff costs	(683)	(1,708)
(f) administration and corporate costs	(737)	(1,580)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	8
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives (<i>ATO overpayment returned to ATO</i>)	(87)	54
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,108)	(1,941)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses (<i>deferred from JXT purchase</i>)	-	(25)
(c) property, plant and equipment	-	(3)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	(f) other non-current assets		
	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets	-	(4)
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	-	(32)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	30	30
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(2)
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)		
3.10	Net cash from / (used in) financing activities	28	28

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,376	5,241
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,108)	(1,941)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(32)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	28	28
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	3,297	3,297

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	1,289	2,370
5.2	Call deposits	2,008	2,006
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)	3,297	4,376

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	117
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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(1,108)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,297
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,297
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.0
	<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: 29 January 2021

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.