ASX RELEASE

1 July 2021

$5.66 million entitlement offer to fund growth and launch of Applypay for recruiters

Highlights:

- **Over $650,000 in SaaS contract deployments in 4Q21 to date, continuing growth and up 68% on 3Q21**
- **Strategic product launch of Applypay expands market opportunity with highly scalable transaction model in the $498bn recruitment industry**
- **Fully underwritten $5.66 million entitlement offer to fund continued growth and product development**
- **Over 250 existing customer relationships to accelerate growth**

Applyflow Ltd (ASX:AFW) (**Applyflow** or **Company**) is pleased to announce a fully underwritten pro rata entitlement offer to raise approximately $5.66 million to fund continued growth and product development.

The Company is also pleased to announce the launch of Applypay, an instalment payment product for the recruitment industry. The Company plans to leverage existing customer relationships and allow cross-sell opportunities for Applypay as a complementary service to the Company's existing and core SaaS business and recruitment technologies.

Applyflow Growth Continues and Momentum Builds

Momentum continues to build for the Applyflow product base, with the Applyflow platform becoming a global leader in white-label job board technology that enables recruitment agencies to host and manage market-leading job board technology on their websites. The technology integrates with key systems and facilitates core processes for over 250 recruitment agencies around the globe.

The Company has contracted software as a service (SaaS) deployments amounting to over $650,000 in total contract value (TCV) so far this quarter, up 68% on 3Q21's result. The sales pipeline remains strong following the successful launch of a major product development milestone in late February 2021.

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Applypay Launch

In line with its recruitment technology-led strategy, the Company has determined that a transactional, recruiter-to-business instalment offering to fund invoiced recruitment fees, a market worth $498bn globally per annum[1], represents the next logical step for expansion.

The Applypay solution is designed for recruiter-to-business hiring transactions, funding recruiter fees that are often as much as $20,000 or 15-25% of a candidate's remuneration package.

The new Applypay product complements the existing Applyflow solution and will seek to leverage the existing blue-chip, global customer base of over 250 recruitment agencies and a network of around 300,000 jobs advertised annually.

Applyflow CEO Steve Butler said, "The new product brings a large, diversified opportunity and potential to accelerate growth.

"We have strong relationships with some of the largest recruitment agencies in the world, over 250 clients using our technology, a clear value proposition, large market and Board experience in this sector made the planned launch of Applypay an easy decision."

It will be launched with a trial of the product in market in the coming weeks and the Company will engage with existing customers to adopt the new offering. To provide scope for accelerated expansion of the Applypay platform, the Company is investigating domestic and international debt funding facilities.

If the trial is successful, Applypay will provide the Company with an expanded market opportunity and a new revenue vertical, however this is not expected to be material in the short to medium term. Operational requirements to launch and validate the model will not impact the existing operations and plans for continued growth and product development of the Applyflow product offering.

An overview of the proposed Applypay solution is provided in the annexure to this announcement.

[1] https://www2.staffingindustry.com/site/Editorial/Daily-News/Largest-global-staffing-firms-post-224-billion-in-revenue-market-estimated-at-498-billion-56020

Capital Raising

The Company will conduct a fully underwritten pro rata entitlement offer (**Entitlement Offer** or **Offer**) at $0.005 (0.5 cents) per share to raise approximately $5.66 million before costs.

The Entitlement Offer will be an offer of approximately 1,132,408,587 new fully paid ordinary shares in the Company (**New Shares**) on the basis of five New Shares for every eight existing shares held by eligible shareholders on the Record Date (**Entitlement**). The offer price is a discount of 16.7% to the closing price of Applyflow shares on ASX on 28 June 2021 and 17.5% to the 10-day volume weighted average price prior to that date.

Only Applyflow shareholders with a registered address in Australia or New Zealand as at 7.00pm (AEST) on 6 July 2021 will be eligible to participate in the Entitlement Offer. The Offer Document will be lodged with ASX today, 1 July 2021 and will be sent to eligible shareholders together with a personalised Entitlement and Acceptance Form no later than 9 July 2021.

The Entitlement Offer is fully underwritten by Shaw and Partners, who have also been appointed as lead manager to the Offer. Shaw and Partners will be paid a fee of 6% of the aggregate Offer proceeds together with 10 million options to subscribe for Applyflow shares at an exercise price of $0.01 and expiring three years from their date of issue. Details of the underwriting are set out in the Offer Document.

The proceeds of the Offer, approximately $5.66 million before costs, will be used to fund the continued growth of the Applyflow business, product development work for Applyflow technology and the launch of Applypay. Further details of the use of funds are contained in the Offer Document.

The proposed timetable for the Entitlement Offer is set out in the table below. All dates are indicative only and the Company reserves the right to vary them (subject to the Corporations Act and the ASX Listing Rules).

Activity	Date
Announcement of Offer Offer Document released to ASX Appendix 3B lodged Section 708AA(2)(f) cleansing notice lodged	1 July 2021
"Ex" date	5 July 2021
Record date for Offer (7.00pm Sydney time)	6 July 2021
Offer Document and Entitlement and Acceptance Form despatched Announce to ASX despatch of Offer Document and Offer opening Offer opens	9 July 2021
Last day to extend Closing Date of the Offer	20 July 2021
Closing date of Offer (5.00pm Sydney time)	23 July 2021
Shares quoted on a deferred settlement basis	26 July 2021
Announcement of results of the Offer and Shortfall	28 July 2021
Deferred settlement trading ends Allotment of new Shares under Offer (before noon Sydney time) Appendix 2A lodged	30 July 2021
Normal trading commences	2 August 2021

*IMPORTANT NOTE: The indicative timetable above is subject to change without notice. The Company reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

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.

Annexure
Overview of Applypay

Applypay will be a digital, instalment-based payment service for recruiter-to-business invoicing. The value proposition is a win-win for both parties. For recruiters, it is access to upfront capital and the ability to offer more attractive payment terms. For employers, it is more affordable payment terms for recruitment services.

Business model

Applypay will provide for a simple, and scalable transactional model for recruitment services:

- Recruiters using Applypay will pay a small percentage of the total invoice value in exchange for 100% of their recruitment fees paid upfront.
- Corporate clients using Applypay will pay recruiter fees to Applypay in 4 monthly instalments, with 25% upfront. Missed payments in the instalment schedule will result in late fees payable by the corporate client to Applypay.

Accredited recruitment partners

The success of the model will rely on Applypay's ability to acquire and risk assess recruitment agency partners through which it offers its business finance solution.

A review and accreditation process of the recruitment firm will be conducted before committing to settle funds on behalf of authorised corporate client accounts, to whom they provide recruitment services.

Approval of corporate clients

Corporate clients looking to use Applypay's instalment-based service to pay their recruitment fees will undergo an approval process to use the service. Depending on the client's organisation structure, collection of data will incur a marginal one-time cost to Applypay that informs approval decisioning and reduces Applypay's exposure to bad debt.

Digital process for invoice funding, instalments and payments

Applypay's instalment-based payment service will be built into the recruiter's digital invoicing process. Recruitment agencies accredited by Applypay can offer the service to their approved corporate clients via the Applypay application dashboard. Corporate clients manage instalments and their payment schedule via Applypay's instalment gateway supplemented by a support and collections team.

Applypay technology

The cloud-based offering is designed and developed in-house to promotes a seamless user experience and interface for client onboarding, approvals, payouts, instalment schedule, payments and collections.

Management dashboard for recruiters

The Applypay management dashboard will give recruiters the tools and transparency needed to effectively manage their approved clients and funded invoices with full visibility on payout status.

Decisioning data & approval

Data collection used for decisioning corporate client approvals will be acquired via various application programming interfaces (APIs) for open-banking data, third-party credit reports, government data, accounting systems and industry data. Applypay will structure the collected data and employ a hybrid of both algorithmic and human-based decisioning to approve corporate clients and large transactions.

Applypay instalment gateway

The Applypay instalment gateway will give corporate clients full visibility on originating invoices, payment schedules, instalments, payments and late fees.

Available funds pre-checks for collections

Open banking integrations allow corporate clients to provide consent that provides data insights to better manage collections, and that delivers a better customer experience. Applypay will pre-check available funds before processing an instalment – reducing client's financial stress, eliminating dishonour fees, and promoting a better collections experience.

Instant payouts

Applypay will use direct-debit technology to disburse payments to recruiters with cleared funds instantly, including weekends and public holidays. The platform will use real-time payment schemes, including Australia's New Payments Platform (NPPA).