ASX Announcement 31 January 2022

Q2 FY22 Quarterly Activities Report & Appendix 4C

Hiremii delivers strong growth in quarterly revenues and enhances scale following completion of Inverse Group acquisition

Technology-driven full-service labour hire and recruitment company **Hiremii Limited** (ASX:HMI) ("**Hiremii**" or "**the Company**") is pleased to provide its Quarterly Activities Report and Appendix 4C cashflow statement for the quarter ended 31 December 2021 (Q2 FY22).

Q2 FY22 Highlights

All figures A$ unless otherwise stated

- Revenue in Q2 FY22 of $2,452k increased strongly by 40% on the prior comparative period ("**pcp**") (Q2 FY21 revenue: $1,746k) and by 85% quarter-on-quarter ("**Q-o-Q**") (Q1 FY22 revenue: $1,323k);
- Revenue of $3,775k for the half (H1 FY22) increased solidly by 7.1% on pcp (H1 FY21 revenue: $3,524k);
- Recruitment client base up to 100 clients, 40 of whom are active;
- Approximately 90 active recruited contractors in place at clients as of today;
- Completion of acquisition of Perth-based Inverse Group Pty Ltd ("**Inverse**") announced on ASX on 24 November 2021 with integration to complete quickly in Q3 FY22;
- New Executive leadership team in place with simplifed organisation structure and clear focus for growth going forward into 2022;
- Beta testing of new Shortlistmii product offer in completion phase and ready to move to live customer trials with two potential target clients in Q3;
- Cash receipts increased strongly by 127% on the prior quarter to $3,205k for Q2 FY22; and
- Cash balance at 31 December 2021 of $1,795k after completing the first tranche payment for the completion of the Inverse acquisition. This excludes $800k of cash raised from the successful placement of shares announced to ASX on 10 January 2022 and further funds to be raised from the Share Purchase Plan ("**SPP**") currently underway also announced on that date.

Commenting on the achievements over the last quarter, recently appointed Managing Director and previous CEO of Inverse, Andrew Hornby, commented that "Despite tough ongoing Covid-related restrictions on labour movement, Hiremii delivered strong growth of 40% in the quarter and has significantly enhanced its scale through the acquisition of Inverse late in the second quarter of FY22.

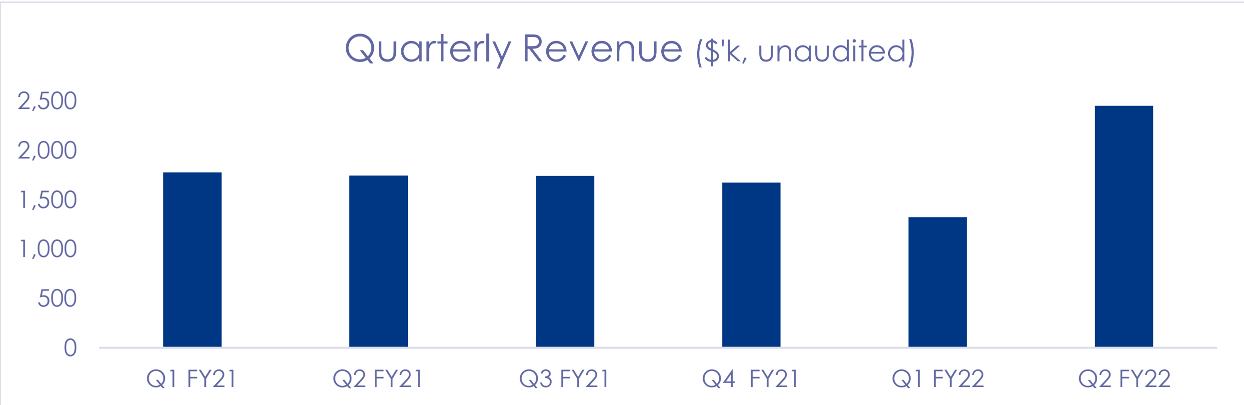
Our focus for Q3 is to quickly complete the integration of our two recruitment businesses to continue to provide strong service to our clients and help deliver their recruitment requirements through the current difficult labour environment.

Looking further ahead, we are excited to be ready to launch Shortlistmii to our client base in the coming months as our next growth strategy for 2022 and beyond. This is the first service offer from the world-class Hiremii AI-driven recruitment management platform, which will provide our clients with significantly increased efficiency and effectiveness in their own recruitment processes."

Financial Update

(Note - all financials for FY22 are unaudited)

Revenue in Q2 FY22 of $2,452k increased by 40% on pcp, versus $1,746k in Q1 FY21, with one month of new revenue from Inverse for December 2021 post acquisition helping to offset a reduction in Hiremii revenues mainly due to the loss of the UGL meter reader contract in NSW (as communicated on ASX on 18 November 2021). Revenue in Q2 FY22 also increased Q-o-Q by 85% versus Q1 FY22 revenue of $1,323k, helped by the addition of one month of new Inverse revenue in December 2021 and a 4.3% Q-o-Q improvement in Hiremii revenue, despite the loss of the UGL meter reader contract late in the quarter.



This strong growth in Q4 FY22 revenue helped offset the lower revenue reported in Q1 FY22 due to Covid lockdowns and lifted total revenue for H1 FY22 by 7.1% versus the pcp of H1 FY21.

The main driver for growth in H1 FY22 continued to be increases in active recruited contractors for the Company's clients. As of today, there are now approximately 90 contractors actively employeed by Hiremii group clients. Following the acquisition of Inverse, Hiremii now also has a much more diversified client base with over 100 clients, 40 of whom are active. The balance of inactive clients provides Hiremii with an opportunity to grow contractors once Covid related labour movement restrictions start to ease in 2022.

The significantly increased revenue in Q2 FY22 resulted in an increase of 127% in cash receipts for the quarter versus Q1 FY22, helped by the addition of one month's receipts in Inverse and revenue growth in the Hiremii business. These higher cash receipts combined with lower cash operating costs and improved working capital management to reduce the net operating cash outflow from the prior quarter to $507k in Q2 FY22 and $1,827k in H1 FY22.

Hiremii's cash balance as at 31 December 2021 was $1,795k. This included $435k of cash acquired with Inverse Group to cover future payroll tax liabilities also acquired with the acquisition. The cash balance excludes $800k of cash raised from the successful placement of shares and further funds to be raised from the Share Purchase Plan ("**SPP**") currently underway, as announced to the ASX on 10 January 2022.

Business Activities Update

The Company continues to focus on the strategic initiatives as set out in its IPO Prospectus in 2021 and more recently in its market update to the ASX on 19 January 2022.

Near-term Focus - Integration & Launch of Shortlistmii SaaS Product

The near term focus for the company in Q3 FY22 is predominantly two-fold. The newly established leadership team are curently focused on quickly completing the integration of the two Hiremii and Inverse recruitment businesses and brands in Q3 FY22.

Against this target, the Company is pleased to report that the consolidation of the two employee recruitment and support teams is now complete, with all WA staff now located in one central office in the main CBD of Perth. The reorganised account management team will focus predominantly on providing ongoing recruitment services to existing active and inactive clients through the Inverse brand in 2022. Property consolidation of unused offices is also underway and will help to lower future costs and cash burn once completed in H2 FY22.

In addition, an historic outsourced payroll supplier arrangement for contractors is currently being wound down in order to improve overall gross margin by approximately +2%. However, this will negatively impact working capital by a one-time working capital outflow of approximately $300-400k in H2 FY22.

In total, run-rate cost savings worth approximately $100k per month are expected to be delivered by the end of Q3 FY22, once the integration process completes. These savings will help to reduce the Company's current operating cost cash burn rate by approximately one third in future periods. Some one-off integration delivery costs totalling approximately $142k (for redundancies, make-good and other items) are expected to be incurred out of H2 FY22 cashflows.

In parallel to integration, Hiremii's brand will begin to be promoted to both existing and new clients as the AI-driven SaaS offer of the Company at the back end of this quarter. The first new product offer called Shortlistmii will be piloted with a small number of clients to live-test and fine-tune the product offer.

Shortlistmii is an express candidate shortlisting, matching and screening service running on Hiremii's powerful AI-driven recruitment technology platform. The Shorlistmii service uses AI technology to screen candidate CV's against client job scope skill, experience and personality requirements, providing a shortlist in a fraction of the time it would normally take to screen, review and match large volumes of applications to client role requirements. Once live pilot-testing is successfully and substantially complete, Shortlistmii will be launched for sale in Q4 FY22.

Longer Term Focus for 2022 & Beyond

Looking further ahead, Hiremii will focus on three key growth initiatives outlined in the Company's IPO prospectus through 2022.

The Company will continue to drive business development and sales and marketing initiatives to acquire new clients for existing recruitment services across both existing as well as some potential new favourable sectors like, for example, the Healthcare sector.

In addition, Hiremii will consider opportunites to expand geographically to New South Wales and Victoria in the second half of 2022, Covid conditions permitting. This expansion opportunity will be based on a sound business case and likely need fewer Covid restrictions on labour movement than those currently in operation across Australia.

Finally, the Company will seek to expand its service offers to clients through the broader development and commercialisation of its state-of-the-art recruitment technology platform. Critical processes in the standard recruitment process of many organisations such as assessment, interview, verification, reference checking and offer / agreement personalisation are in development for launch to clients in 2023 and beyond.

Use of Funds

Hiremii Limited was admitted to the official list of the ASX on 11 May 2021 following completion of an Initial Public Offering (IPO), raising $6 million. A comparison of the Company's actual expenditure from the listing date to 31 December 2021 against the estimated expenditure in the use of funds statement is set out below, as required by ASX Listing Rule 4.7C.2:

Use of Funds	Prospectus ($)	Actual Funds Expended Between Admission and 31 December 2021 ($)	Comments
Research & Development	1,650,000	861,903	In line with expectation
Sales & Marketing	525,000	362,035	In line with expectation
Operational Activities & Support	825,000	241,601	In line with expectation
Data Security & Compliance	260,000	53,792	In line with expectation
General & Administration	1,500,000	429,605	In line with expectation
Cost of the Offer	673,082	670,803	In line with expectation
Cash Reserve & Working Capital	566,918	780,468	Above expectation
Total expenditure	**6,000,000**	**3,400,207**	

Related Party Transactions

During Q2 FY22 the following payments were made to related parties as disclosed in Item 6 of Appendix 4C.

SALARIES AND SUPERANNUATION PAID TO DIRECTORS	AMOUNT
Chris Brophy, Previous CEO & Managing Director	$ 74,038
Alison Gaines, Non-executive Chair	$ 38,416
David Buckingham, Non-executive Director	$ 20,731
Conor O'Brien, Non-executive Director	$ 12,833
Total	**$ 146,019**

This announcement has been approved by The Board of Directors of Hiremii.

Ends

About

Hiremii Limited (ASX:HMI) is a technology-driven full-service labour hire and recruitment company with three core business components, Hiremii Recruitment Pty Ltd, a fixed fee recruitment business, Oncontractor Pty Ltd and Inverse Group Pty Ltd, two recruitment and full-service labour hire businesses, providing digitised employee onboarding and labour hire services.

Both businesses use Hiremii's cloud-based platform which utilises machine learning and artificial intelligence to remove the tedious manual tasks associated with the recruitment and onboarding process, pre-vetting and shortlisting candidates based on employers' specific requirements.

To learn more please visit: www.hiremiigroup.com Investor Enquiries: investors@hiremii.com

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

HIREMII LIMITED

ABN	**Quarter ended ("current quarter")**
48 642 994 214	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	3,205	4,615
1.2	Payments for		
	(a) research and development	(340)	(491)
	(b) product manufacturing and operating costs	(2,615)	(3,875)
	(c) advertising and marketing	(66)	(78)
	(d) leased assets	-	-
	(e) staff costs	(505)	(1,093)
	(f) administration and corporate costs	(200)	(899)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	15	(5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(507)**	**(1,827)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	(438)	(438)
	(c) property, plant and equipment	(4)	(13)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(102)	(102)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
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	-	-
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**	(545)	(554)

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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(6)	(6)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(26)	(26)
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**	**(32)**	**(32)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,878	4,207
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(507)	(1,827)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(545)	(554)

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)	(32)	(32)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	1,795	1,795

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	1,795	2,878
5.2	Call deposits	-	-
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)**	1,795	2,878

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	146
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7.	**Financing facilities** *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.*	**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)	(507)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,795
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,795
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	3.5

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.

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:

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:

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:

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.

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.