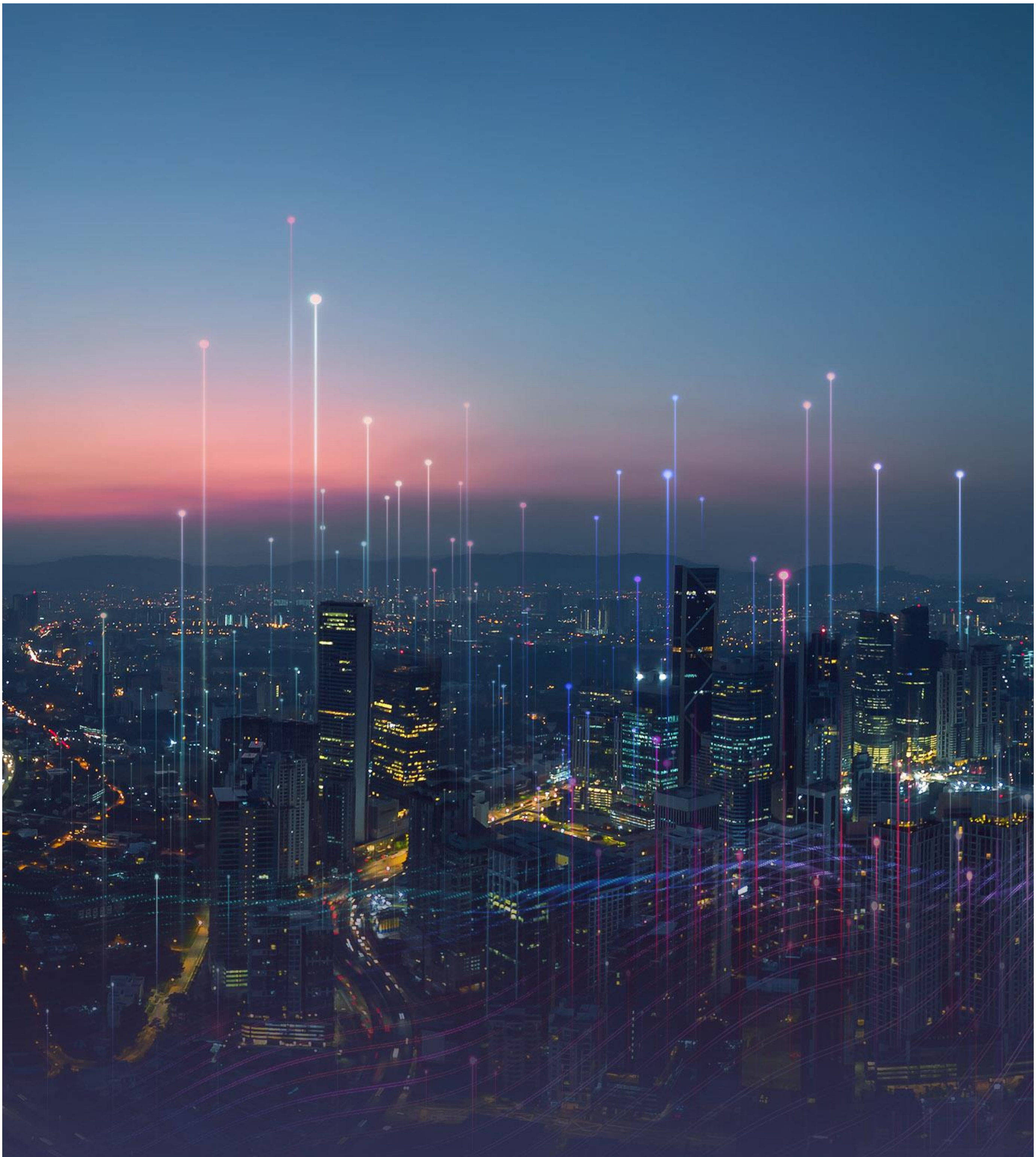


hiremii

ASX Announcement 26 July 2022

Q4 FY22 Quarterly Activities Report & Appendix 4C

ASX Announcement **26 July 2022**

Q4 FY22 Quarterly Activities Report & Appendix 4C

Hiremii positioned for further growth and focus on launch of Technology Platform

Technology-driven full-service 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 30 June 2022 (Q4 FY22). Note - these results are unaudited as at this date.

Q4 FY22 Highlights

All figures A$ unless otherwise stated

- Q4 FY22 quarterly revenue of $4,213k increased significantly by 152% on the prior comparative period ("pcp") (Q4 FY21 revenue: $1,672k) and by 25.4% quarter-on-quarter ("Q-o-Q") (versus Q3 FY22 revenue: $3,360k);
- Revenue of $11,436k for the year ended Q4 FY22 also increased strongly by 65% on pcp (12 months ended Q4 FY21 revenue: $6,937k);
- Client base continues to grow in our core markets of Energy, Resources and Technology. Increasing demand on highly skilled workforce to help with decarbonisation and energy transition;
- Improved Gross Margin to 11.3% after insourcing of payroll and improved contractor mix;
- Run rate of overhead cash burn reduced by $208k per month by end Q4 FY22 compared to the second quarter FY22;
- Priority set on Technology marketing and launch as recruitment team in place to meet growth targets for FY23; and
- Cash receipts of $4,198k in the quarter combined with lower operating costs and the completion of the financing activities announced to ASX on 10 January 2022, resulted in a cash balance at 30 June 2022 of $2,387k.

Commenting on the achievements over the last quarter, **Managing Director, Andrew Hornby,**

"We remain buoyed by the demand on our technical recruitment capability which has been strong throughout the period, and we expect that will continue. We have invested in further strengthening our delivery team to meet continued demand with key personnel. The foundation is now in place to ensure we meet our goals over the next 12 months with continued focus on decarbonisation and energy transition.

In our technology division, our integrated project team have been diligently working with partners to incorporate the knowledge graph into our platform to enable world class AI matching and shortlisting capability. This is a unique and highly skilled process requiring close collaboration across the teams. Early discussions have resulted in positive feedback and interest in our technology and we now have a pathway to deploy this into the market on an initial trial basis.

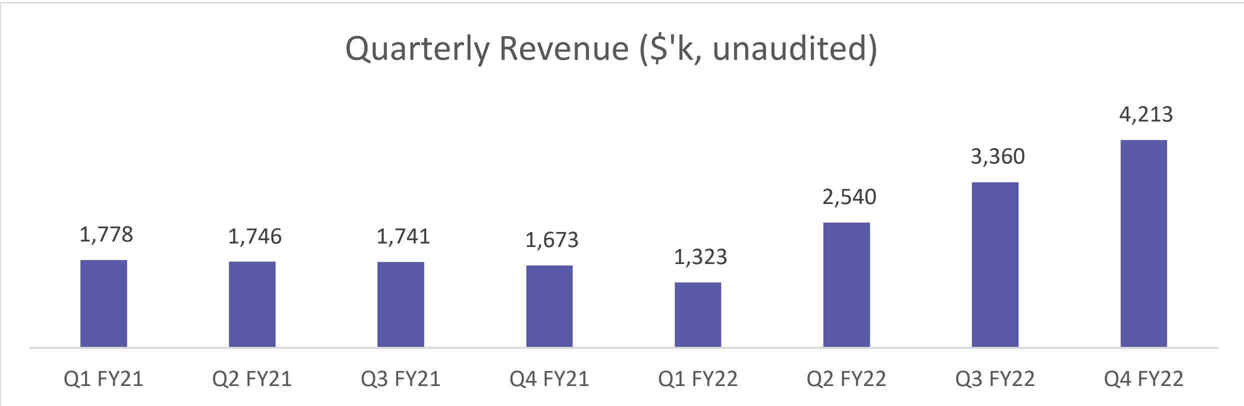
With the underlying recruitment business set to remain strong throughout the year, our focus will shift to deployment opportunities for our technology. There has been a significant effort by the team since I took over the role in January to integrate our AI and we are excited to be able meet the growing needs of the market with this new product."

Financial Update

(Note - all financials for FY22 are unaudited)

Revenue in Q4 FY22 of $4,213k increased by 152% on pcp, driven by a combination of organic growth in candidate placements and Inverse revenues offsetting the reduction in Hiremii revenues incurred from the loss of the low-margin UGL meter reader contract in NSW (communicated on ASX on 18 November 2021).

Revenue in Q4 FY22 also increased Q-o-Q by 25% versus Q3 FY22 revenue of $3,360k. The 25% Q-o-Q increase was driven by organic growth in placed contractors and permanent placements, together with a greater number of billable work days and fewer public holidays in Q4 22.



The strong growth in Q4 FY22 revenue helped lift total revenue for the year to 30 June 2022 by 65% versus the corresponding 12 months in FY21. The growth year on year was lifted by the Inverse Group acquisition.

The main driver for revenue growth going forward will be increases in active recruited contractors for the Company's clients and new revenue from technology solutions, although the latter will not be material to start with in FY23.

Hiremii's diversified client base of over 100 clients, 40 of whom are active, provides a significant opportunity for the Technology platform and to grow contractors as labour supply restrictions continue to ease in the remainder of 2022.

The integration project to move from outsourced payroll providers to in-house processing was completed in the quarter. This has resulted in lower cash costs of sales and lifted the total average gross margin by 1.6% to 11.3% for Q4 FY22.

The increased revenue in Q4 FY22 resulted in an increase of 11.3% in cash receipts from customers for the quarter versus Q3 FY22. Growing the permanent placements is expected to sustain and improve this level.

The Company's operating cash outflows before one offs and non operating items for the quarter totaled $219k for the quarter versus $239k in Q3 FY22. Net cash outflows from operating activities of $496k included $276k of non operating items related to payment plans for Inverse preacquisition tax liabilities. Staff, admin and corporate cashflow reduction continued as a focus, resulting in an improvement of $77k quarter on quarter.

Cash flows used in investing activities was $106k for the quarter versus $243k In Q3 FY22. The current quarter focused on deploying and refining the AI knowledge graph to prepare for bringing the shortlisting product to market in FY23.

Fundraising activities generated cash flows of $517k in the quarter from $759k cash raised before costs. The cash raised includes $159k raised previously and held as borrowings until shareholder approval was obtained at an EGM on 11 April 2022.

Hiremii's cash balance on 30 June 2022 was $2,387k. As a result of a one off change in paying BAS quarterly in arrears to monthly payment, the company will incur an increase in the cash outflow for the quarter of approximately $500k in Q1 FY23.

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 updates to the ASX in Q4 FY22.

Recruiting business continuing to improve

- Strong growth in revenue across contracting and permanent placements for clients.
- Contractor book remains strong and growing with our existing and new clients. Strong relationships have been established across a suite of global tier one organisations. The focus going forward is to continue expanding the breadth of work for this base.
- Transition from blue collar to white collar which has reduced risk and improved contract durations.
- Margin has improved with the increase in permanent placements and completion of insourcing of payroll activities. Insourcing will also result in better service and communications with customers and contractors.
- To underpin growth, the recruiting and support teams have been bolstered with a strong team lead and recruiters with proven industry experience.

Shortlistmii SaaS product in soft launch

Hiremii is working to disrupt the recruitment industry using artificial intelligence powered by the deep industry experience of the recruitment team.

With initial integration of the AI knowledge graphs into the platform achieved, attention is increasing on the marketing of the product and testing the solution against the target customer segments. The value proposition is focused on automating shortlisting to improve efficiencies of low value adding processes in candidate sourcing, while improving quality of sourcing in a challenging talent environment.

Hiremii's Shortlistmii, the AI-driven SaaS product, is being promoted to both existing and new clients to pilot the product offering.

Corporate overhead rationalised

- Restructured leadership team at start of 2022 with clear growth plan to focus on in FY22 and F23;
- Successfully completed the integration of the recently acquired Inverse business into the Hiremii group in Q3 FY22, resulting in improved revenue and margin;
- In total, run-rate cost savings worth approximately $208k per month were delivered by the end of Q4 FY22 compared to Q2 of FY22. As a result, Q4 FY22 underlying net operating cash burn down to $219k; and
- Successful fundraising was completed in Q4 FY22 to increase the cash balance and provide a long runway for growth based on current underlying burn rate.

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 30 June 2022 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 ($)	Actual Funds Expended Between Admission and 30 June 2022 ($)	Comments
Research & Development	1,650,000	1,259,589	In line with expectation
Sales & Marketing	525,000	757,102	Recruitment staff investment was ahead of plan in prior quarters
Operational Activities & Support	825,000	299,515	In line with expectation
Data Security & Compliance	260,000	207,886	In line with expectation
General & Administration	1,500,000	1,000,602	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**	**4,975,965**	

Related Party Transactions

During Q4 FY22 the following payments were made to related parties as disclosed in Item 6 of Appendix 4C. Payments include those to resigned directors holding office in previous quarters.

SALARIES AND SUPERANNUATION PAID TO DIRECTORS	AMOUNT
Andrew Hornby, Managing Director	$ 63,461
Alison Gaines, Non-executive Chair	$ 11,423
David Buckingham, Non-executive Director	$ 8,885
Conor O'Brien, Non-executive Director	$ -
Total	**$ 83,769**

Non Executive Directors cash fees were reduced in the quarter by 50% pending shareholder approval of the issue of shares in lieu of fees at the next AGM of the Company.

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

Ends

About

Hiremii Limited (ASX:HMI) is a technology-driven full-service recruitment company with two core business components; Hiremii Technology, a cloud-based platform which uses 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, and Inverse Group, a growing recruitment business that provides specialist white collar recruitment services to the energy, resources and technology sectors.

To learn more please visit: **www.hiremiigroup.com** Investor Enquiries: **info@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	30 June 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	4,198	12,584
1.2	Payments for		
	(a) research and development	(19)	(541)
	(b) product manufacturing and operating costs	(3,707)	(10,793)
	(c) advertising and marketing	(11)	(106)
	(d) leased assets	-	-
	(e) staff costs	(490)	(2,131)
	(f) administration and corporate costs	(171)	(1,296)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	6
1.5	Interest and other costs of finance paid	(23)	(43)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	0	347
1.8	Other		
	Restructuring	-	(134)
	Acquisition costs	(1)	(47)
	Acquired tax payment plans	(276)	(415)
1.9	**Net cash from / (used in) operating activities**	**(496)**	**(2,569)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	
	(b) businesses	-	(365)
	(c) property, plant and equipment	-	(14)
	(d) investments	-	
	(e) intellectual property	(106)	(364)

Consolidated statement of cash flows	Current quarter $A'000	Year to date (12 months) $A'000
(f) other non-current assets	-	(102)
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	(106)	(845)

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	759	1,833
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	(80)	(164)
3.5	Proceeds from borrowings	-	(0)
3.6	Repayment of borrowings	(163)	(53)
3.7	Transaction costs related to loans and borrowings	-	
3.8	Dividends paid	-	
3.9	Other (provide details if material)	1	-
3.10	**Net cash from / (used in) financing activities**	517	1,616

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,472	4,184
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(496)	(2,569)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(106)	(845)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	517	1,616
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	2,387	2,387

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	2,387	2,472
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)**	2,387	2,472

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	$ 84
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)	(496)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,387
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	2,387
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	4.8

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: 26 July 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.

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