hiremii

ASX Announcement 19 October 2022

Q1 FY23 Quarterly Activities Report & Appendix 4C

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Record revenue and maiden positive EBITDA achieved in month of September by Hiremii group

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 30th September 2022 (Q1 FY23). Note - these results are unaudited as at this date.

Q1 FY23 Highlights

All figures A$ unless otherwise stated

- Q1 FY23 quarterly revenue of $4,826k increased significantly by 265% on the prior comparative period ("pcp") (Q1 FY22 revenue: $1,323k) and by 15% quarter-on-quarter ("Q-o-Q") (versus Q4 FY22 revenue: $4,213k);
- Improved Gross Margin to 11.6% due to a 22% growth in permanent placement revenue;
- Hiremii group EBITDA breakeven achieved in September 2022 month for the first time;
- Client base continues to grow with eight tier one global customers signing up in our core markets of Energy, Resources and Technology. Increasing demand on highly skilled workforce to help with decarbonisation and energy transition continues;
- Hiremii platform launched in the quarter with ongoing trials providing positive feedback for existing and potential use cases.
- Cash receipts of $4,789k were up 14% on prior quarter (Q4 FY22: $4,198k).
- Increased payments to ATO due to changes in PAYG cycle frequency and acquired payment plans from Inverse acquisition of $890k resulted in a cash balance at 30 September 2022 of $1,126k. Underlying net operating cash outflow was only $309k which excluded delayed customer receipts of $562k received within 10 dayof quarter end. Cash balance at 18 October 2022 of $1,840k.

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

"Our recruitment subsidiary, Inverse Group, delivered strong growth on both our previous financial year and quarter, resulting in a record month in September and our maiden monthly positive EBITDA for the Hiremii group. The continued focus on delivering higher margin white collar appointments helped raise gross margins in the month of September to 14.5% with our investment in industry leading consultants starting to pay off. "

Hiremii Technology launched phase one of the platform during the period and have engaged closely with our trial partners to begin validating and gaining feedback on our existing and potential use cases. Our marketing effort is targeting the customer opportunities that have been identified as under-served and having potential for disruption. The team has been busy conducting further market reseach and refining our go-to-market strategy.

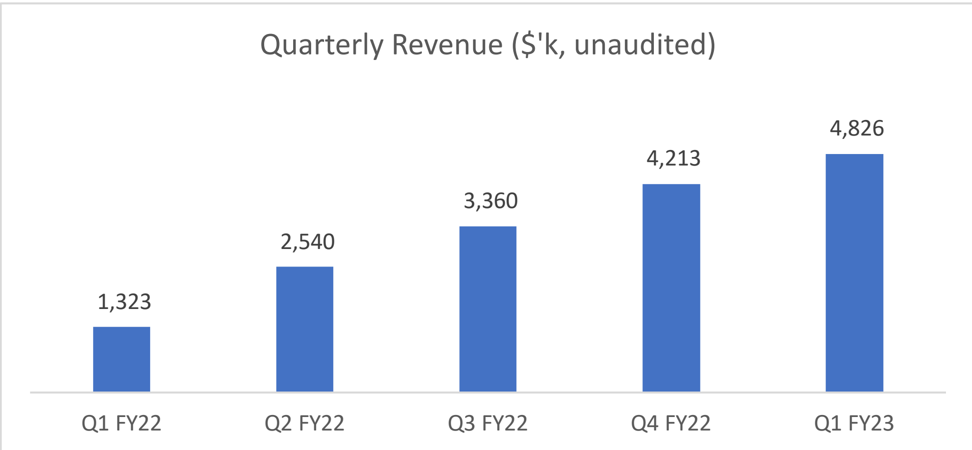
An AI driven tool that generates content for role adverts is now in development due to market interest and strong potential as a new service offer. This will enable us to target a wider range of national customers who will be able to use the writing tool as a standalone product or as part of the interegrated platform solution.

Our primary focus has been to validate the customer opportunity and ensure we are well positioned to address the unmet demands. We are buoyed by the feedback and excited by the opportunity to grow new revenues through our disruptive technology model.

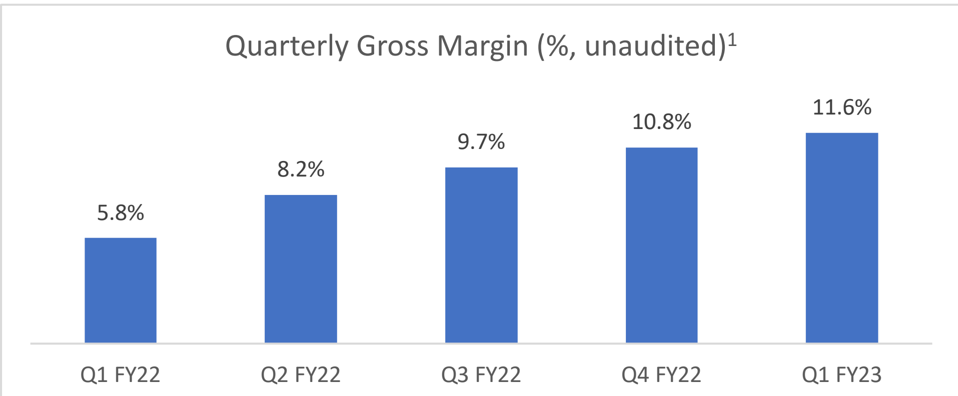
Financial Update

(Note - all financials for FY23 are unaudited)

Revenue in Q1 FY23 of $4,826k increased by 265% on pcp, driven by organic growth in candidate placements focused in future industry white collar roles. This segment continues to show strong demand and is being addressed by our established team of seasoned recruiters.



The increased revenue in Q1 FY23 resulted in an increase of 14.1% in cash receipts from customers for the quarter versus Q4 FY22. Growing permanent placements as a proportion of revenue has continued to improve the margin to 11.6% for the quarter.



[1] The gross margin for Q4 22 was reduced marginally to 10.8% as a result of final year end accruals

The Company's net operating cash outflows before one offs and non-operating items totalled $309k for the quarter versus $219k in Q4 FY22. Late payments by customers due to the timing of the month end were received in the first 10 days of October and amounted to $562k. Expenses as a proportion of revenue continued to reduce to 15.5% for the quarter as compared to 16.6% in the prior quarter.

Reported net cash outflows from operating activities for the quarter of $1,199k included a once off increase in payments to the ATO of $661k due to a change in the PAYG payment cycle to monthly (as noted in the last quarterly report) and $229k of non operating items related to payment plans for Inverse preacquisition tax liabilities. The payment plans are in place until Q3 FY23.

Cash flows used in investing activities was $166k for the quarter versus $106k in Q4 FY22. This included $138k of consideration for the purchase of Inverse Group. Technology development investment was reduced in the quarter with the emphasis on product-market and customer feedback.

Cash flows from financing activities of $105k in the quarter related to insurance premium funding.

Hiremii's cash balance on 30 September 2022 was $1,126k, which increased post quarter end to $1,840K as of 18 October 2022.

Business Activities Update

Recruiting business continues to expand, delivering maiden monthly positive EBITDA for the Hiremii group in September and increased gross margins

The Inverse contractor book remains strong and growing with our existing and new clients, our exposure to new energy markets including lithium developers, rare earths, hydrogen, ammonia and wind underpinning our focus on the energy transtion.

Consistant long term, low risk contracts with global tier one companies underpin a strong order book, with typical contractor duration between 6 – 12 months with a consistant number of renewals at the end of these terms.

A number of new master service agreements were signed in the quarter, laying the foundations for continued growth and diversification, particularly into the battery metal resources and agricultural sectors.

Gross margins have continued to improve on a monthly basis, with our focus on permanent placements delivering 14.5% gross margin in the month of September. The level of permanent placements is expected to remain strong in the coming quarter.

Our investment in senior, experienced consultants has delivered immediate results with continued gross margin improvement as a result. We are providing clients with a market leading service which is resulting in continued positive feedback, and an large increase in opportunites.

Hiremii Technology SaaS product seeing good results from market trials

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

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

Customer trials for Shortlistmii have validated the technical capability of the technology to digitise candidate data, match and rank candidates to roles at a level of effectiveness beyond keyword search.

The digitising and shortlisting functions are core capabilities for providing a simplified hiring process and trials have provided useful feedback that will drive functionality development priorities around ranking feedback and candidate search user experience.

The development program continues to build out tools that bring advanced AI capabilities to recruiting activities that are difficult and time consuming to improve the speed and effectiveness of recruiting. Completing these tools, such as job ad writing and candidate video presentation provide opportunities for promotional marketing activities which are expected to ramp up in the next quarter.

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 September 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 ($)	Actual Funds Expended Between Admission and 30 September 2022 ($)	Comments
Research & Development	1,650,000	1,328,739	In line with expectation
Sales & Marketing	525,000	811,671	Recruitment staff investment was ahead of plan in prior quarters
Operational Activities & Support	825,000	421,823	In line with expectation
Data Security & Compliance	260,000	252,171	In line with expectation
General & Administration	1,500,000	1,236,224	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**	**5,501,899**	

Related Party Transactions

During Q1 FY23 the following payments were made to related parties as disclosed in Item 6 of Appendix 4C.

SALARIES AND SUPERANNUATION PAID TO DIRECTORS	AMOUNT
Andrew Hornby, Managing Director	$ 67,308
Alison Gaines, Non-executive Chair	$ 12,115
David Buckingham, Non-executive Director	$ 9,423
Conor O'Brien, Non-executive Director	$ -
Total	**$ 88,846**

Non Executive Directors cash fees for Alison Gaines and David Buckingham were reduced in the quarter by 50%, and 100% for Conor O'Brien pending shareholder approval of the issue of shares in lieu of fees at the next AGM of the Company on 28 November 2022.

$92,651 was paid to Andrew Hornby as part of the consideration for the shares of Inverse Group.

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.hiremii.com** Investor Enquiries: **info@hiremii.com**

Forward looking statement

Certain information in this document refers to the intentions of Hiremii, but these are not intended to be forecasts, forward looking statements or statements about the future matters for the purposes of the Corporations Act or any other applicable law. The occurrence of the events in the future are subject to risk, uncertainties and other actions that may cause Hiremii's actual results, performance or achievements to differ from those referred to in this document. Accordingly, Hiremii and its affiliates and their directors, officers, employees and agents do not give any assurance or guarantee that the occurrence of these events referred to in the document will actually occur as contemplated.

Statements contained in this document, including but not limited to those regarding the possible or assumed future costs, performance, dividends, returns, revenue, exchange rates, potential growth of Hiremii, industry growth or other projections and any estimated company earnings are or may be forward looking statements. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Hiremii. Actual results, performance, actions and developments of Hiremii may differ materially from those expressed or implied by the forward-looking statements in this document.

Such forward-looking statements speak only as of the date of this document. There can be no assurance that actual outcomes will not differ materially from these statements. To the maximum extent permitted by law, Hiremii and any of its affiliates and their directors, officers, employees, agents, associates and advisers:

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

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 September 2022

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	4,789	4,789
1.2	Payments for		
	(a) research and development	(0)	(0)
	(b) product manufacturing and operating costs	(4,386)	(4,386)
	(c) advertising and marketing	(5)	(5)
	(d) leased assets	-	-
	(e) staff costs	(494)	(494)
	(f) administration and corporate costs	(204)	(204)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	0	0
1.5	Interest and other costs of finance paid	(9)	(9)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other		
	Change in PAYG cycle ATO	(661)	(661)
	Acquired tax payment plans	(229)	(229)
1.9	**Net cash from / (used in) operating activities**	**(1,199)**	**(1,199)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	
	(b) businesses	(138)	(138)
	(c) property, plant and equipment	-	-
	(d) investments	-	
	(e) intellectual property	(28)	(28)
	(f) other non-current assets	(0)	(0)

Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 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	(166)	(166)

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	-	-
3.5	Proceeds from borrowings	105	105
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**	105	105

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,386	2,386
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,199)	(1,199)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(166)	(166)

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	105	105
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	1,126	1,126

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	1,126	2,386
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)**	1,126	2,386

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	
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)	(1,199)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,126
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	1,126
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.9

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:

No, the underlying operating cash outflows is ($309k) before delayed customer receipts received shortly after quarter end of approximately $562k and non-operational outflows of ($890k). Non-operational items include a once-off $661k for the change in the cycle timing of ATO PAYG payments triggered by the growth of the business. The ATO and OSR payment plans of $229k per quarter end in February 2023.

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:

Yes. The business expects to receive research and development incentives to offset the technology development costs, and to make use of working capital funding solutions while the profitability of the business is improved through growth in revenue.

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:

Yes. The business expects to operate profitably, receive research and development incentives, and intiate working capital funding solutions to cover ongoing cash requirements.

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: 19 October 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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