hiremii

ASX Announcement

27th July 2023

Q4 FY23 Quarterly Activities Report & Appendix 4C

ASX Announcement **27 July 2023**

Q4 FY23 Quarterly Activities Report & Appendix 4C

Generative AI automation for recruitment focus; Record revenues and operating cash-flow breakeven achieved for FY23

Hiremii Limited (ASX:HMI) ("**Hiremii**" or "**the Company**") an AI technology company with near term technology opportunities and growth in recruitment subsidiary, Inverse Group, is pleased to provide an overview of its activities to accompany the Appendix 4C cashflow statement for the Quarter ended 30 June 2023 ("Q4 FY23", "Reporting Period", "Quarter").

Note - these results are unaudited.

Q4 FY23 Highlights

All figures A$ unless otherwise stated.

- Q4 FY23 revenue of $6.255m, a significant increase of 48% from the prior comparative period ("PcP") (Q4 FY22 revenue: $4.213m) and up 22% quarter-on-quarter ("q-o-q") versus Q3 FY23 revenue of $5.136m.

- Revenue of $20.8m for the year ended 30 June 2023, also increased strongly by 82% from the prior comparative year (year ended 30 June 2022 revenue of $11.4m).

- 40% improvement q-o-q in gross margin percent to 12.4% for Q4 FY23 (Q3 FY23 8.9%) due to increased permanent placements.

- Record Gross Profit of $777k for the Quarter, increasing by 71% q-o-q (Q3 FY23 $455k) and 63% on PcP (Q4 FY22: $476k). Gross Profit for the year up 122% on prior year at $2.4m (FY22: $1.087m).

- Record quarterly cash receipts of $6.554m, up 20% in Q4 FY23 from $5.449m in Q3 FY23.

- Operating cash breakeven achieved in both the final quarter and for the year ended FY23 due to strong revenue growth at higher margins and cost reductions..

- Experienced Technology Sales Director, Yolande Couderc recently appointed to join growing Technology team and drive growth in generative AI recruitment toolsets.

Commenting on the achievements over the June quarter, Managing Director, Andrew Hornby, said:

"We are delighted to deliver another strong set of results, closing the financial year with record revenue at $6.225m and gross profit at $0.777m in the Inverse Group subsidiary while welcoming experienced additions to our growing Technology team.

I would like to recognise the tremendous effort by the Inverse team this year, delivering sustained growth during a talent-constrained hiring environment in WA.

Generative AI is rapidly becoming a norm in everyday recruitment workflows - with this positive step from the major FAANG's (Google, Amazon, Microsoft), there is a growing opportunity to leverage AI specifically for recruitment processes. Automation of the AI capability to make it accessible in the broad market is our current imperative.

During the Quarter, the team focussed on our Go-To-Market approach, leveraging our existing understanding and experience of integrating with Chat-GPT. Our decision to focus on building a co-pilot for hiring personnel will see the bespoke use of generative AI to scale personalised engagement with candidates, a first mover opportunity to leverage our other products, Shortlist and Adwriter.

Our integrated team of data scientists, developers, commercialisation and sales professionals continue to work to drive automation in the fast moving and exciting recruitment and technology sectors".

Hiremii platform augmented with AI driven co-pilot capabilities that provide personalised outreach to engage the best candidates fast and at scale

Following implementation of the Hiremii shortlisting capability, our team carried out significant market testing to explore our best route to commercialisation. To better integrate into the recruiting process at scale, a Co-Pilot approach is being developed for early and high-volume penetration.

By creating a Chrome integrated plug-in, the co-pilot will enable Hiremii customers to quickly engage with our products in their own daily workflow in an Applicant Tracking System (ATS), CRM, Linkedin or other software toolsets.

The team have engaged with a number of local and international prospects in internal recruitment teams and agencies to focus functionality.

Inverse Group delivers record revenue and gross profit, with strong underlying demand expected to continue

The Inverse contractor book remains very strong, hitting record levels during the Quarter and growing steadily with both existing and new clients. Continued exposure to new energy markets including lithium developers, rare earths, hydrogen, ammonia and wind underpins the strong demand.

The focus on excellent customer care by our industry leading consultants has played a visible role in continued demand from large key clients. Our global enterprise clients have also been agreeable to allowing improved margins for the differentiated performance, which are now flowing through to the underlying results and keeping ahead of cost inflation.

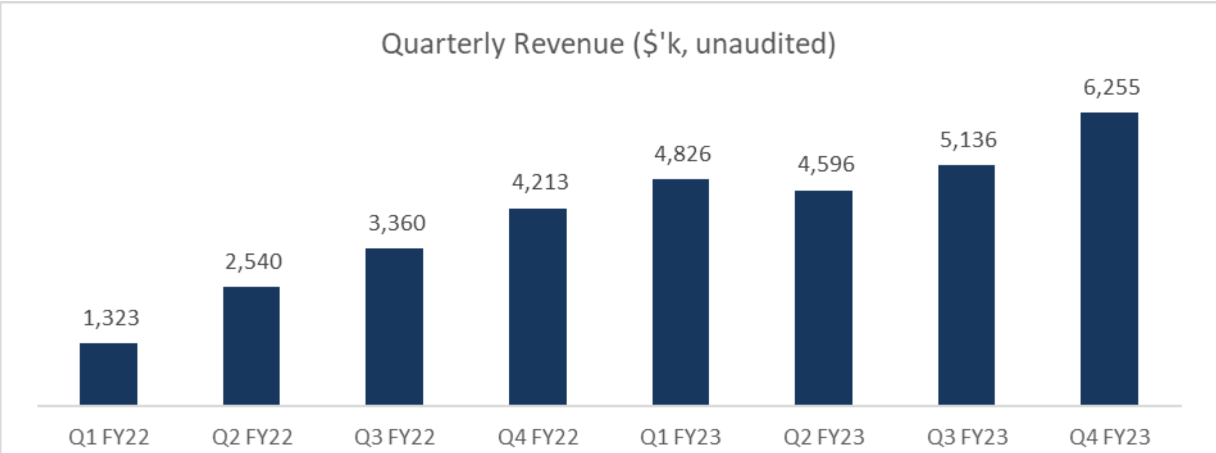
Inverse continues to target gross margin improvement opportunities through the delivery of permanent recruitment and sourced contractor growth.

Financial Update

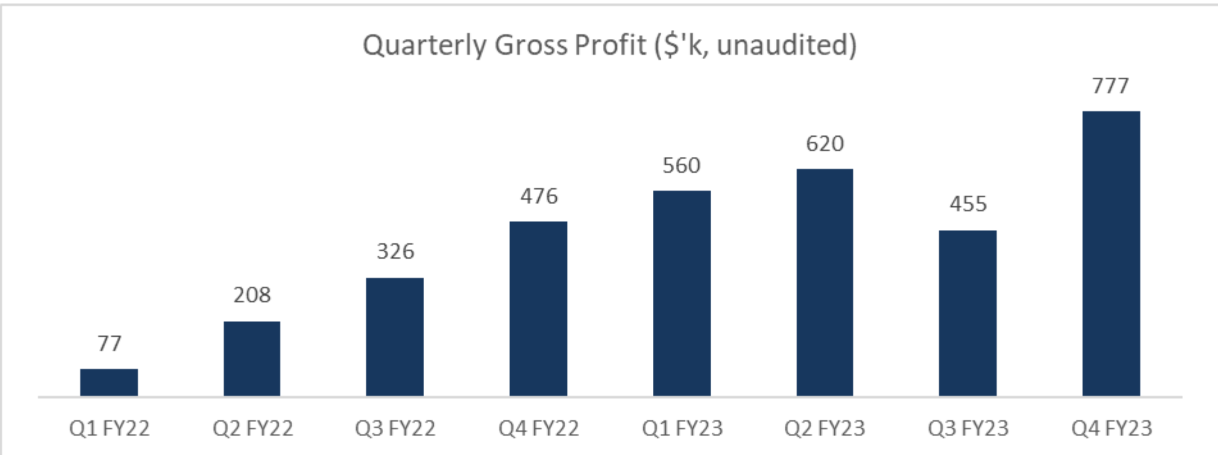
(Note - all financials for FY23 are unaudited)

Revenue in Q4 FY23 of $6.255m was an increase of 48% on the PcP, driven by organic growth in candidate placements focused in future industry white collar roles. Revenue in Q4 FY23 also increased q-o-q by 22% from Q3 FY23 revenues of $5.136m.

Revenue improved due to the increase in the number of contractors in place to over 100, with the segment continuing to show strong demand which is being addressed by Hiremii's growing team of seasoned recruiters. **May 2023 revenue of $2.268m was also a record level** built on a growing contractor book of long term contractors resulting from strong service levels provided by experienced recruiters.



The gross profit of $0.777m for the Quarter improved 71% q-o-q (Q3 FY23: $455k), and improved on PcP by 63% (Q4 FY22: $476k) with permanent placement business improving. Underlying demand remains robust. The gross margin percentage for the Quarter improved to 12.4%, up by 40% q-o-q (Q3 FY23: 8.9%).



The Company's net cash from operating activities improved to $165k compared to $56k cash from operating activities in Q3 FY23, allowing the Company to achieve operating cash breakeven for FY23.

Cash used in operating activities before one-offs and non-operating items totalled $0.129m for the Quarter versus $0.029m in Q3 FY23. The Company's ATO payment plan was extended to Q1 FY25 to cater for a change in the payment cycle of payroll witholdings.

The receipts from customers grew to a record $6.554m, an improvement of $1.1m or 20% on Q3 FY23. Staff costs paid increased 4% on expanded technology commercialisation and recruiter capabilites to drive revenue growth.

Cash flows used in investing activities of $67k for the Quarter (Q3 FY23: $148k) related to the technology investment in the Hiremii recruitment platform.

Cash flows used in financing activities of $80k in the Quarter related to insurance premium funding and office leases.

Hiremii's cash balance at 30 June 2023 was $1.943m, up from $1.925m in Q3 FY23.

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 2023 against the estimated expenditure in the use of funds statement is set out below, as required by ASX Listing Rule 4.7C.2 and shows that the Company has now fully expended those initial cash funds:

Use of Funds	Prospectus ($)	Actual Funds Expended Between Admission and 30 June 2023 ($)	Comments
Research & Development	1,650,000	1,531,039	In line with expectation
Sales & Marketing	525,000	1,051,045	Recruitment staff investment was ahead of plan in prior quarters. Amounts exclude gross profits earned subsequently.
Operational Activities & Support	825,000	747,105	In line with expectation
Data Security & Compliance	260,000	357,003	Above expectation due to compliance costs
General & Administration	1,500,000	2,021,126	Above 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**	**7,158,590**	

Related Party Transactions

During Q4 FY23 the following payments were made to related parties as disclosed in Item 6 of Appendix 4C.

SALARIES AND SUPERANNUATION PAID TO DIRECTORS	AMOUNT
Alison Gaines, Non-executive Chair	$ 26,775
David Buckingham, Non-executive Director	$ 14,875
Conor O'Brien, Non-executive Director	$ 6,800
Andrew Hornby, Managing Director	$ 80,325
Total	**$ 128,775**

The salaries and remuneration include an extra fortnight pay cycle in the Quarter. David Buckingham and Conor O'Brien are receiving 50% of their fees and cash and should shareholders approve, will accept the remainder in shares after approval at the AGM.

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 automate and improve recruitment and onboarding processes, 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).

www.hiremii.com

L1/251 St Georges Terrace
Perth, WA 6000

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 2023

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	6,554	22,226
1.2	Payments for		
	(a) research and development	-	(1)
	(b) product manufacturing and operating costs	(5,853)	(18,943)
	(c) advertising and marketing	(9)	(29)
	(d) leased assets	-	-
	(e) staff costs	(661)	(2,338)
	(f) administration and corporate costs	(134)	(627)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	17
1.5	Interest and other costs of finance paid	(34)	(91)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	380
1.8	Other		
	Change in PAYG cycle ATO		(661)
	Tax payment plans	294	161
1.9	**Net cash from / (used in) operating activities**	**165**	**93**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	(277)
	(c) property, plant and equipment	(6)	(10)
	(d) investments	-	-
	(e) intellectual property	(61)	(149)
	(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter $A'000	Year to date (12 months) $A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	3
(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)	(0)	22
2.6 Net cash from / (used in) investing activities	(67)	(411)

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	-	146
3.6	Repayment of borrowings	(80)	(272)
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**	(80)	(126)

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,925	2,386
4.2	Net cash from / (used in) operating activities (item 1.9 above)	165	93
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(67)	(411)

	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)	(80)	(126)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	1,943	1,943

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	1,943	1,925
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)**	1,943	1,925

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	$129
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)	165
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,943
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	1,943
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

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: 27 July 2023 ....

Authorised by: 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.