

ApplyDirect Limited Full-Year Results Announcement

For the year to 30 June 2017

Melbourne, Australia, 30 August 2017: ApplyDirect Limited (ASX: AD1) (**ApplyDirect** or the **Company**) today released its Preliminary Final Report for the year to 30 June 2017 (FY2017), highlighting good growth in revenue and strong business momentum as it commences the 2018 financial year (FY2018).

Commenting on the Company's performance in FY2017 ApplyDirect CEO, Lorcan Barden said: "The FY2017 year has seen significant progress towards our strategic objectives. Specifically, the successful launch of HealthBuzz in the middle of the year and the integrated talent acquisition solution in early June, along with strong customer renewals and the execution of an expanded three-year managed services agreement with the NSW Government, have collectively provided significant momentum in early FY2018.

"During the year we continued to refine and develop the ApplyDirect product portfolio and now have a comprehensive range of offerings for each of our targeted market segments: government; institutional corporate; medium enterprises; and small enterprises.

"The recently launched integrated talent acquisition solution represents a significant new opportunity for ApplyDirect, targeting the thousands of employers with over 500 employees that currently have limited investment in HR systems and largely manual recruitment processes. The early response from employers has been very exciting with the majority of new customers having signed up to three-year agreements.

"As ApplyDirect targets aggressive growth in FY2018, we expect that the integrated talent acquisition solution will become a key contributor to this."

FY2017 Preliminary Financial Results

Year ended 30 June 2017	FY17	FY16	Change
Summary	\$	\$	%
Revenue from continuing operations	1,052,368	886,622	18.7
Employee benefits expense	(2,818,656)	(897,513)	214.1
Total expenses	(5,532,529)	(4,344,412)	27.3
Loss for the period	(4,480,161)	(3,457,790)	29.6
Cash balance	3,209,838	7,384,118	(56.5)

During FY2017 the Company made significant progress towards its strategic priorities and enters FY2018 with considerable momentum.

Over the past 12 months, ApplyDirect's technology and digital marketing services were further refined and enhanced, having regard to continuous feedback from its targeted customer segments – government, institutional corporate, medium enterprises and small enterprises. The specific tailoring of its solutions relative to the characteristics of these customer segments makes ApplyDirect more differentiated in, and more relevant to, the market.

Importantly, the ongoing investment made to educate these customers on ApplyDirect's unique value proposition, including the significant cost savings and other benefits that its solutions deliver to employers, is yielding returns.

In summary, management is excited by the size of the opportunity available and has set aggressive growth targets for the next 12 months.

Strategic priorities

In November 2016, the Company presented its key strategic priorities:

- Build scale and relevance in a select number of industry verticals;
- Engage channel partners to build leverage into sales and marketing initiatives;
- Align and focus brand strategy with select industry verticals; and
- Become the industry standard for candidate experience.

The healthcare and government verticals were the priority focus in FY2017 and during FY2018 management's focus will be extended to include the professional services and retail verticals.

Building scale and relevance

The strategic alliance with the Mercury Group was executed in November 2016 and is already delivering significant benefits for ApplyDirect. The HealthBuzz talent search platform for the healthcare industry was launched in December 2016 and the relationship with Mercury has accelerated its brand awareness and provided immediate credibility and relevance.

By the end of June 2017, 95% of all healthcare sector jobs were listed on the HealthBuzz platform. The HealthBuzz platform received in excess of 1.5 million candidate visits in the period to June 2017 – those visits resulted in approximately 17 million job searches.

Integrated talent acquisition solution

The HealthBuzz integrated talent acquisition solution was launched in June 2017 and was subsequently extended to the ApplyDirect platform. The integrated product is a 'plug and play' solution combining ApplyDirect's candidate attraction technology and digital marketing solutions with the Mercury Group's applicant tracking system. In the first two months since its launch six new customers have already signed up and are currently being on-boarded. Importantly, the majority of customers are signing up to three year agreements, therefore making long-term commitments to ApplyDirect and contributing to revenue predictability.

Once on-boarded these customers will contribute to a significant uplift to ApplyDirect's average customer size. Revenue from the new integrated solution customers is expected to commence early in the second quarter of FY2018.

Consolidating our position in government

In July 2017 ApplyDirect announced that it had signed a three-year managed services agreement with the NSW Government. The new agreement extends the existing long-term relationship with the NSW Government whilst also expanding the scope of services to include digital marketing, thus complementing the ApplyDirect technology both in attracting job seekers to, and engaging candidates on, the iworkforNSW platform that ApplyDirect developed.

The ability of ApplyDirect to now combine its proprietary technology and its digital marketing capabilities in this expanded services agreement underscores its unique position in the e-recruitment market and demonstrates the importance of ApplyDirect to the largest employer in Australia.

The new managed services agreement is in addition to the Company's role in advising the NSW Government on the iworkforNSW innovation roadmap, and in delivering ongoing platform enhancements such as the technology integration between NSW Health's e-recruitment system and the iworkforNSW platform that was announced in May 2017. The long-term commitment of the NSW Government is also expected to support a pipeline of additional opportunities throughout the term of the agreement, and is an outstanding case study for the application of similar solutions to other large employers.

Leveraging scale and relevance

Opportunities have been created to expand media advertising campaigns leveraging the increasing market penetration achieved by ApplyDirect and HealthBuzz. Media advertising campaigns have been conducted across both the ApplyDirect and HealthBuzz platforms by a range of business using our digital advertising products including superannuation funds, business services providers and retailers. Major campaigns have been conducted on behalf of Defence Force Recruitment, Australia Post, Federation University and most recently our largest campaign to date, a six-month multi-faceted media campaign for First State Super.

Growth drivers

The primary growth drivers for ApplyDirect in FY2018 will include:

Integrated solution. This will be the primary focus for management in FY2018. The early success since launch of the integrated solution has been very exciting and is expected to provide the majority of growth in FY2018. Revenue is generated on a per job basis, but the expanded service offering effectively doubles the average revenue per customer.

Government. The scale of these employers makes this sector very attractive for ApplyDirect, however, the lead times for government contracts are long. ApplyDirect's widely recognised success with the NSW government has been the catalyst for strong interest from other governments. The revenue model is based on ongoing managed services and project based functionality enhancements. The NSW Government innovation roadmap will continue to provide an ongoing pipeline of project work and opportunities exist to leverage HealthBuzz as government is the largest hirer in the health sector.

Media. Increasing scale and market penetration of the ApplyDirect and HealthBuzz platforms is driving increased demand for digital marketing campaigns. Relationships with customers developed via the digital advertising campaigns represent an opportunity to up sell media customers to other digital recruitment solutions.

Outlook

Mr Barden said: “The primary objective of ApplyDirect in FY2018 is to leverage its success over the past 12 months in order to accelerate penetration of its targeted industry verticals and expand revenue aggressively. Harnessing the positive momentum, particularly that of the past three months, will enable it to deliver strong and sustainable revenue growth throughout FY2018 and beyond.

“Specifically, the recently signed integrated solution customers are currently being onboarded, and are expected to contribute to revenue from the second quarter of FY2018. The early success of this solution, combined with the size of the potential customer base, means that it is an important ongoing source of revenue.

“Further, the new managed services agreement with the NSW Government was executed in July 2017 and will generate incremental revenue from the first quarter of FY2018. In addition to being an important case study for other governments, it also underscores the value of ApplyDirect to other employers, both institutional and corporate.

“The relationship with the Mercury Group has been a very important contributor to ApplyDirect’s success, and management is continuing to explore further opportunities to leverage that relationship to accelerate revenue growth, particularly within the healthcare sector.

“Importantly, the Company will continue to invest prudentially in expanding its business capability over the next 12 months, with a particular focus on digital marketing and solution sales. Such investments will enable ApplyDirect to sustain its differentiated position, whilst also increasing market penetration.”

END

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About ApplyDirect

ApplyDirect is a recruitment technology and digital marketing business that brings employers and candidates together without the need for intermediaries, such as external recruiters and job boards.

We aim to provide employers with fast, direct access to high quality talent at a lower cost, with less hassle and in a way which cuts out the middle man.

Jobseekers discover the job they've always wanted but could never find, or access. We connect them with companies actually looking for candidates – organisations for which they want to work. We give candidates the platform and tools to develop their careers and secure the job that is right for them.

We aim to end the inefficiencies that exist in the market today, providing candidates and employers with a better experience. Our search engine assesses, consolidates and catalogues job listings and makes them easily available to the right candidates. Our platform takes the stress out of looking for the right job, and brings strong talent straight to an employer's door.

In October 2016, ApplyDirect entered into a strategic alliance with Mercury Group of Companies Pty Ltd (Mercury), the largest supplier of workforce management software to the healthcare sector.

The alliance connects ApplyDirect's industry first platform, HealthBuzz, with Mercury's workforce management software, bringing together employers and candidates directly – without the need for recruitment agents and job boards.