

2019 AGM Chairman's Address to Shareholders

Since last year's AGM, the Company has undertaken a significant realignment in strategy with the primary objective of taking the Company through to a position of sustainable operating profit heading into FY21 and creating further shareholder value through EPS accretive acquisitions.

The ApplyDirect division has continued to secure major projects across the NSW and Victoria Governments. For the NSW Government this related to improving the iworkforNSW platform's online discoverability and enhancing its machine learning and artificial intelligence capability. Across Victoria Government, this included Career.VIC integration projects for departments such as Development Victoria, Department of Health & Human Services (DHHS), Department of Environment, Land, Water and Planning (DELWP) and most recently with the Environment Protection Authority Victoria (EPA).

It is also pleasing that the Victoria Government extended its Managed Services agreement with ApplyDirect for a further 12-month term demonstrating the value in our service offering. Our deep relationship across the two governments, also the two largest employers in Australia, continues to support a strong pipeline of opportunities.

Another key milestone for the ApplyDirect division was the recent launch of the MyPharmacyCareer platform for the Pharmacy Guild of Australia. The ApplyDirect powered talent platform for the Guild, which includes mobile applications for iOS and Android, now enables its member pharmacies and the talent in the pharmacy sector to connect seamlessly without the need for intermediaries. The revenue under this multi-year managed services agreement commenced effective October 2019.

The Apply Direct Platform last Financial year had inbound traffic of 17.1 Million visitors and 6.8 Million unique users on the platform across our various customers.

On 22 March 2019, the Company completed its acquisition of Utility Software Services Pty Ltd, a provider of SaaS and managed services solutions to the Australian retail energy sector including customer billing, sales and market operations. The two recent wins with 3P Energy Pty Ltd and iGeno Pty Ltd provide a strong validation of the USS service offering.

USS has Network Management Identifiers or NMI's of 22,549 being billed through the platform per month. This represents the scale of the platform and accuracy with a failure and exceptions rate on bills of under 1%.

The acquisition provides the Company with a diversified revenue stream and significant cost and capability leverage, which has enabled a cost run rate reduction of approximately \$3 million per annum. Importantly, this means that diversified revenue stream has been acquired at no increment to our pre-acquisition cost base. The synergies have now been harvested and further cost reductions completed to further accelerate the Company's path to breakeven.

The Company raised approximately \$1.83 million in July/August 2019, through private placement to a cornerstone investor, Smedley Family Office (Cornerstone Investor), and Share Purchase Plan, to ensure sufficient capital availability to assist with our execution of this objective. The response under the Share Purchase Plan was strong and we thank our shareholders for their ongoing support.

Your Board has been working hard to cut the expense cloth to best fit forecast revenue and we are committed to taking the company to breakeven on an organic basis with existing cashflows. We are also committed to deliver profits and narrative that sees an improvement in the share price. With all of your board also being investors in the business.

Further, we are looking at creating further shareholder value through complementary EPS accretive acquisitions, which is another key priority for the Board. Accordingly, we are proposing to re-brand the parent Company to AD1 Holdings to execute this strategy. We are also pleased to have secured the support of our Cornerstone Investor in driving the Company's M&A strategy. We are currently assessing many targets and expect our first acquisition to be in the 3Q this FY, given the progress of current discussions.

I would like to take the opportunity to thank our former CEO, Bryan Petereit, and wish him well in his new role. It was unanimously decided that his skills are best focused on core ApplyDirect new customer acquisition.

In conclusion, whilst the Company is currently in a cash burn position, the Board has taken significant steps to better align our costs with our current and expected revenue. Given the cost reduction, existing customer contracts and the current pipeline, we maintain our expectation that the Company should be able to meet its objective of achieving organic breakeven in the second half of current financial year and enter FY21 on a cashflow positive run rate.