

ASX Announcement

29 July 2022

## **ASSETOWL QUARTERLY UPDATE AND APPENDIX 4C For the period ended 30 JUNE 2022**

### Highlights:

- **Successfully transitioned first Victorian based real estate agency to paying status**
- **WA agencies signed onto Pirsee collectively manage ~ 10% of WA professionally managed rental properties <sup>(1)</sup>**
- **Completion of product upgrades to enhance Pirsee's platform functionality and improve AssetOwl's engagement with customers**
- **With remainder of shortfall to the Entitlement Offer placed to Sophisticated and Professional investors total funds raised over this calendar year amounting to \$2.27m are supporting East Coast expansion, marketing initiatives and provide on-going working capital**

Enterprise property management platform provider AssetOwl Limited (ASX: AO1, AssetOwl or the Company) is pleased to present its Appendix 4C — Quarterly Cash Flow Report for the period ended 30 June 2022 and an update on quarterly business progress.

During the quarter, AssetOwl continued to roll out its Pirsee platform, which included the conversion of a further 6 real estate agencies to fee paying status, bringing the total as at the end of the quarter to 17 agencies. Of note, we were pleased to secure our first Victorian based agency as a paying customer.

At quarter's end there were 38 WA agencies signed onto the platform, collectively representing ~ 15,400 properties under management. Target customers in the Company's pipeline include agencies in both regional and metropolitan areas of WA, including Port Hedland, Broome, Albany and Bunbury.

The Company estimates that 150,000 rental properties are professionally managed in WA.<sup>1</sup> On this basis AssetOwl has achieved an estimated 10% penetration of the WA professionally managed rental market through its Pirsee platform.

## **HUMAN RESOURCES**

Late in the quarter AssetOwl welcomed a highly experienced Head of Product, James Heys. This role represents a significant expansion in capability: going forward, James will drive AssetOwl's product strategy, with a particular focus on improving customer experience, and in the longer term, exploring opportunities to expand the Company's offering.

In July, the Company hired a Melbourne based Customer Success Manager. This valuable addition to the team has been made to lay the ground-work for our east coast expansion, whilst also providing additional redundancy to our Customer Success team.

As evident by the commencement of a South Melbourne agency as a paying customer, Pirsee can already be used by Victorian real estate agencies to perform inspections which comply with that state's legislative requirements.

## **PRODUCT DEVELOPMENT**

Product development activity highlights in the quarter included:

- Release of the new 'mobile sync' protocol. One of the market leading features of the Pirsee platform is the ability to amend (synchronise) changes to data records in real time. The adoption of a new sync protocol in May has significantly improved user experience and the speed of the app in the field.
- Improvements to the PropertyMe integration
- Improvements to the PropertyTree integration

Together, PropertyMe and Property Tree account for a significant majority of the real estate property trust systems market in Australia and New Zealand. AssetOwl considers Pirsee's improved integration with these tools as a key pre-requisite to a successful east coast expansion.

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<sup>1</sup> 220,000 private rental households in WA - ABS 41300, Table 17, 'Housing Occupancy and Costs, Australia', 2017-18. 33% of private rental households self-managed by owners: (1) "Self-Managing vs. Professional Property Management" [Real Property Manager](#), (2) "REA launches new landlord toolkit", [Smart Property Investment](#) (REA)

## **SEPTEMBER QUARTER OUTLOOK**

AssetOwl's main sales and marketing priority for the quarter will be the hiring of a Melbourne based Sales Manager, who will be responsible for driving the Company's east coast sales strategy.

AssetOwl's product team will be working upon a number of initiatives over the September quarter:

- Release of NSW and Qld compliant versions of Pirsee
- Further routine inspection upgrades, in response to customer feedback
- Smart Condition Report (digital sharing of Property Condition Reports) improvements

The anticipated entry into new east coast markets will mark a hugely significant milestone on which the Company looks forward to keeping investors updated.

## **CORPORATE**

### **Non-renounceable Rights Issue completed**

During the quarter, the Company placed the remaining shortfall which arose from the seven (7) for ten (10) Non-renounceable Rights Issue launched by the Company in late January 2022. The Company raised a total of \$1,942,043 (before costs) from the Entitlement Offer, which included raising \$440,298 (before costs) in the June quarter.

The funding the Company has raised will be applied to key activities including continued development and product enhancement for Pirsee; marketing activities; East Coast expansion; on-going research and development into new revenue opportunities for the Pirsee platform; and working capital.

### **Statements pursuant to ASX Listing Rule 4.7C**

For the purposes of ASX Listing Rule 4.7C.1, the Company advises that business activities of the quarter included:

- Upgrades to its Pirsee inspection platform
- Conversion of trial customers to paying
- Provision of inspection software to real estate agents and support to AssetOwl's customer base
- Provision of inspection software to legacy customer 7-Eleven
- Marketing activities

- Continued growth of the Company's real estate agency pipeline

Total expenditure in relation to this activity amounted to approximately \$349,131, which included salaries and wages, fees paid to contractors and consultants, and subscriptions.

For the purposes of ASX Listing Rule 4.7C.3, the Company provides the following disclosure with respect to payments to related parties, which are included in the Company's Appendix 4C:

- The Company paid directors' fees totalling \$51,000 to its directors for their service during the quarter, which included settlement of \$9,000 fees relating to the previous quarter.

- The Company paid \$30,000 to Tribis Pty Ltd under an agreement for the provision of administration and management support services. The Company's Chairman, Mr Simon Trevisan, is the Managing Director of Tribis Pty Ltd, AssetOwl's largest shareholder.

- The Company paid \$5,250 in favour of AssetOwl Director Mr Geoff Baldwin for consultancy services in connection with growing AssetOwl's real estate agency pipeline.

For the purpose of ASX Listing Rule 15.5, this announcement has been authorised for release by Simon Trevisan, Chairman of AssetOwl Limited.

**\*\*\*ENDS\*\*\***

**For further information, shareholders and media please contact:**

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**About AssetOwl Limited (ASX: AO1):**

AssetOwl is an innovative technology company which has developed an enterprise software application, providing real estate owners with one trusted platform for managing property inspections.

'Pirsee' (formerly 'inspector360') is the revolutionary next generation of AssetOwl's photo-centric inspection management platform, designed to benefit property owners, tenants, agents and managers. It incorporates 360-degree imagery, video, voice-to-text and hot-spot mapping of floor plans to accurately document property condition reports, significantly boosting the efficiency of the inspection process. In short, the Pirsee app provides tenants, property managers and landlords with an exact record of the condition of residential properties.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

ASSETOWL LIMITED

**ABN**

12 122 727 342

**Quarter ended ("current quarter")**

30 June 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	16	83
1.2 Payments for		
(a) research and development	(136)	(633)
(b) product manufacturing and operating costs	(55)	(121)
(c) advertising and marketing	(33)	(128)
(d) leased assets	-	-
(e) staff costs	(254)	(933)
(f) administration and corporate costs	(175)	(595)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	422
1.8 Other (provide details if material) <i>Purchases of Inventory for re-sale</i>	-	(37)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(636)</b>	<b>(1,940)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(6)	(13)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(m) entities	-	-
	(n) businesses	-	-
	(o) property, plant and equipment	-	-
	(p) investments	-	-
	(q) intellectual property	-	-
	(r) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(6)</b>	<b>(13)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	441	2,268
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	(25)	(113)
3.5	Proceeds from borrowings	-	-
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>416</b>	<b>2,155</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,446	1,018
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(636)	(1,940)

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(13)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	416	2,155
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,220</b>	<b>1,220</b>

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	34	28
5.2	Call deposits	1,186	1,418
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,220</b>	<b>1,446</b>

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	86
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.*

- The Company paid directors fees totalling \$51,000 to its directors for their service during the quarter, which included settlement of \$9,000 fees relating to the previous quarter.
- The Company paid \$30,000 to Tribis Pty Ltd under an agreement for the provision of administration and management support services. The Company's Chairman, Mr Simon Trevisan is the Managing Director of Tribis Pty Ltd, AssetOwl's largest shareholder.
- The Company paid \$5,250 in favour of AssetOwl Director Mr Geoff Baldwin for consultancy services in connection with growing AssetOwl's Real Estate Agency pipeline.

7. <b>Financing facilities</b> <i>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.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		0
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. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(636)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,220
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	1,220
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.92
<i>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.</i>	
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?	
<p>Answer:</p> <p>Yes, whilst the Company's pipeline of real estate agency customers continues to grow, in the short to medium term receipts generated from these customers will not be expected to substantially offset cash outflows</p>	



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:

The Company anticipates that it will receive an R&D Tax Incentive from the Australian Taxation Office in the second half of the 2022 calendar year, calculated on eligible expenditure incurred in the 2022 financial year.

Receipt of this R&D Tax Incentive in the 2022 calendar year will increase the Groups' available funding (funding available at 30 June 2022 + R&D Tax Incentive) to in excess of two quarters' of historical net cash outflows from operating activities.

The Group has a demonstrated history of receiving an R&D Tax Incentive in relation to its R&D activities and has no reason to suggest that it will not receive the incentive in relation to its 2022 financial year activities.

Further, the Group expects receipts from customers, arising from the roll out of Pirsee, will continue to increase and accordingly, further offset cash outflows.

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 Company continues to make progress rolling out its Pirsee property inspection management platform. Funds raised from the capital raisings during the 2022 calendar year to date are being used to continue product development and product enhancement for Pirsee, marketing activities and East Coast expansion which enable the company to meet its business objectives.

*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: .....29 July 2022.....

Authorised by: .....Simon Trevisan - Chairman.....  
(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.