

## **ASX Company Announcement**

### **ACTIVITY REPORT & APPENDIX 4C**

27 July 2017

During the June quarter the Company (or HMO) was actively engaged in implementing its strategy as outlined in the Prospectus issued in late 2016. These activities have shown pleasing results with the HearMeOut app achieving a top 10 spot in downloaded social media apps in the USA along with Facebook, Facebook Messenger, WhatsApp and Pinterest. Coming in at number 6 among most downloaded social media apps, HearMeOut was also the number 35 overall ahead of popular apps such as Skype Mobile.

These results, coming just after the end of the reporting period, are a key validation of the Company's business strategy to grow its user base and increase user engagement which builds a strong platform for future revenue generation.

The Company strategy as outlined in the prospectus is twofold:

1. Grow user base through strategic use of influencers to sign up users and engage them.
2. Develop its presence and first mover advantage in the connected car market.

Since launching this strategy has expanded to include:

1. Work with the Media industry to curate and deliver engaging content over the HearMeOut platform and make HMO an useful and compelling part of today's media toolkit (eg like Twitter is today on television) and :
2. Pursue early revenue opportunities from B2B licensing outside of the connected car field.

The Company has made solid progress in these areas during the quarter.

#### **Growing social user base**

The Company has been surgically applying funds raised to get the most optimal result in signing up influencers who can bring the most users onto the platform with the least investment needed to gain these users. This strategy involves the careful balancing of spending to sign up influencers: Investing too much on the wrong "A" list influencers can waste money and not have the desired outcome and spending too much time at the other end of the influence spectrum can be equally unproductive. The Company is refining this process and has had initial success with the signing of top social media star Danielle Bregoli yielding pleasing results. She has already brought into the app close to 50,000 new followers and her posts were played hundreds of thousands of times in and out of the app . HearMeOut has also been mentioned in the media with regard to Danielle using the app to discuss her recent fall out with Kim Kardashian.

The Company employed other aspects of the digital marketing mix including digital and search advertising, social media and campaigns with media organisations. This work has added over 50 unpaid influencers, to create small communities within the app. During the quarter HearMeOut's total user base grew by 50%. In addition the engagement in and out the app (new posts , post plays , etc.) grew by over 300% compared to the previous quarter. The growth in user signup and engagement is also an indication of the improvements made to the HMO platform including the addition of filters and more and more compelling content.

## **Connected car:**

The Company has built upon its status as one of the few apps to be selected as part of the Ford Applink Sync in-car handsfree platform. This has already been rolled out across the UK, in Ireland and further markets are expected to follow. In May 2017 the Company signed up influential connected car expert, Mr Scott Lyons who is also a consultant to Ford Motor Corporation, as an advisor. Mr Lyons has advised the Company since its successful bid to become a member of the SmartDevicelink. Membership of this elite group has allowed the Company to begin discussions with leading automotive companies and important connected car technology players. These discussions are ongoing. The Company will pursue opportunities to generate revenue from B2B licensing opportunities with connected car players.

## **Media collaboration**

Early in the quarter the Company signed up highly regarded and well connected US media executive Mr Jon Housman as an advisor. Mr. Housman is expected to play an important role in this next phase and in the overall Company growth strategy. He brings 20 years' experience building companies, identifying new opportunities and driving revenue growth for businesses across the media and technology landscape. Mr Housman has helped HMO to build up a strong pipeline of collaboration opportunities in the media arena, with confidential discussions taking place with a number of high profile organisations and individuals. Mr Houseman has also advised the Company on its identification of talent to engage as influencers on the platform.

## **Other Activities**

Among the most important achievements by the Company in the quarter was the addition of social and viral features to the app such as: enabling sharing posts on what's app, voice filters, fresher design, option to save post on device , etc. Management believes that these upgrades contributed a great deal to the user experience and the subsequent increase in user engagement in the quarter. In particular, the "filters" feature has been very popular and indicates an exciting pathway to monetize further via in-app purchases.

## **Work to be conducted in the September quarter:**

The Company finds itself in a "sweet spot" of opportunity in the wake of its recent success and significant increase in user numbers. Having proven success with user engagement is more attractive to prospective influencers who in turn influence increasing signups and user engagement. This positive feedback loop creates a "virtuous circle" which the Company is working hard to exploit. A look back at the successful journey of social media platforms such as FaceBook, Instagram and others shows how important this phase was in reaching critical mass and in leading to their eventual success.

The Board and management feels that HMO's improving position of strength is also an advantage when opening doors and progressing discussions with connected car industry players.

In the next quarter the company will focus on:

- Continuing to increase user base via influencers and social media campaigns.
- Adding an "A list" influencer.
- Adding B and C level influencers to create their own communities within the app
- Further improve user experience
- Connected car: release the IOS in-car version for Ford
- Open new geographical regions with Ford
- Continuing discussion with car manufacturers and OEMs to add to our roster.

Howard Digby  
**Chairman**

## Appendix 4C

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

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

HEARMEOUT LIMITED

**ABN**

54 614 043 177

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

30 June 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$'000**</b>	<b>Year to date (6 months) \$'000*</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(36)	(52)
(b) business development and marketing	(202)	(303)
(d) leased assets	(9)	(13)
(e) staff and board remuneration	(335)	(666)
(f) administration and corporate costs	(76)	(196)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	(1)
<b>1.9 Net cash (used in) operating activities</b>	<b>(656)</b>	<b>(1,223)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(2)
(b) businesses (see item 10)	-	-
(c) investments	(11)	(11)
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$'000**	Year to date (6 months) \$'000*
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments - shares	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	<b>Net cash (used in) investing activities</b>	<b>(11)</b>	<b>(13)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issue of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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)	-	42
3.10	<b>Net cash from financing activities</b>	<b>-</b>	<b>42</b>

<b>4.</b>	<b>Net increase in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,373	5,968
4.2	Net cash (used in) operating activities (item 1.9 above)	(656)	(1,223)
4.3	Net cash (used in) investing activities (item 2.6 above)	(11)	(13)
4.4	Net cash from financing activities (item 3.10 above)	-	42
4.5	Effect of movement in exchange rates on cash held	(33)	(101)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>4,673</b>	<b>4,673</b>

Consolidated statement of cash flows	Current quarter \$'000**	Year to date (6 months) \$'000*
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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 \$'000	Previous quarter \$'000
5.1	Bank balances	4,673	5,373
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,673</b>	<b>5,373</b>

6.	Payments to directors of the entity and their associates	Current quarter \$'000
6.1	Aggregate amount of payments to these parties included in item 1.2	143
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment to directors are for non-executive director fees, executive director salaries and includes associated on-costs.

7.	Payments to related entities of the entity and their associates	Current quarter \$'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$'000	Amount drawn at quarter end \$'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

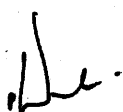
None

<b>9. Estimated cash outflows for next quarter</b>	<b>\$'000</b>
9.1 Research and development	(66)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(265)
9.4 Leased assets	(12)
9.5 Staff costs	(378)
9.6 Administration and corporate costs	(168)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(889)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### 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.



Sign here: .....  
(Company secretary)

Date: 27 July 2017

Print name: Peter Webse

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.