

30 April 2020

March 2020 Quarterly Update

HIGHLIGHTS

- Commencement of Raife Watson as CEO
- Implementation of new strategy with initial focus on recruitment industry
- Development of Nvoi Direct platform
- Addition of Workconex ATS
- First revenues generated from CareerOne Strategic Partnership

Nvoi Ltd (ASX:NVO) (**Nvoi** or **Company**) has released its Appendix 4C Quarterly Report for the three month period ending 31 March 2020 and is pleased to provide the following update on its activities.

EVENTS DURING THE QUARTER

During the March quarter Nvoi welcomed new Chief Executive Officer (CEO) Raife Watson to its management team and progressed the implementation of its new strategy to drive growth and expansion of its product offering, including the addition of the Workconex technology platform.

As announced in October 2019, Nvoi's strategy is to expand its operations to handle broader human resource management with an enhanced offering to the recruitment market. This will be increasingly important as economies across the globe emerge from the COVID-19 crisis.

Commencement of New CEO

Following the announcement of his appointment in November 2019, Raife Watson formally commenced in his role as CEO of the Nvoi group in mid-January 2020.

Raife has held senior marketing and director positions in the UK, Hong Kong and Australia, launching new software and information products into market.

With deep industry experience and key employer and recruitment agency networks, he is ideally placed to lead the Company on the implementation of its new strategy.

Implementation of New Strategy

The Company has identified a number of commercial optimisations for its technology platforms and business model and an opportunity to expand the customer base. These enhancements will see Nvoi focus on supporting the multi-billion-dollar recruitment industry with its technology, rather than attempting to disintermediate it.

Led by Raife Watson, the Company conducted market research during the quarter on potential product enhancements to the Nvoi platform and initial project development works were initiated following this research. Ongoing development of the existing platform also continued.

Following its market research, Nvoi is looking to roll out an enhanced SaaS-based Nvoi platform, Nvoi Direct.

Nvoi Direct will be a 24/7 direct or self-serve candidate sourcing platform for end clients. The SaaS product will allow employers to interface directly with a recruiter's internal candidate database for quicker candidate sourcing.

This model was market tested with large and mid-tier recruitment agencies who have expressed an interest in the product and have proceeded down a commercial discovery route with the Company.

Due to the onset of the COVID-19 crisis, the intended launch of the product in late March 2020 was delayed until market conditions in the recruitment sector improve. The Company has continued to engage with the proposed launch agencies with launch plans on track for later in the year.

With its strategic partnership in place with Nvoi, CareerOne has continued to deliver valuable data, insights, resources and sales leads to the Nvoi business. CareerOne has also provided access to its clients and database for the purposes of promoting Nvoi.

In addition, Nvoi is leveraging CareerOne's technical resources and expertise, including scoping, strategy, product roadmap and development resources for the Company.

Subsequent to the end of the quarter, approximately \$14,600 of revenue had been generated by CareerOne for Nvoi under its strategic partnership.

Workconex platform

In January 2020 the Company acquired the Workconex proprietary applicant tracking system (ATS) technology platform through the acquisition of Workconex Holdings Pty Ltd.

The Workconex ATS platform is a web-based tool that automates all of the steps involved in the recruitment workflow, allowing users to simplify advertising new roles, track applications in real time, communicate with candidates, reference check, extend offer letters and on-board new hires directly into their business. It makes the recruitment process highly efficient in one collaborative platform.

As part of the Company's go-to-market strategy and its strategic partnership with CareerOne, Nvoi has promoted the Workconex ATS platform and included it in CareerOne's

small-to-medium business (SMB) database, driving immediate scale opportunities for Workconex.

Nvoi has leveraged the core technology of Workconex and applied a simplified user experience with modern user interface patterns that has helped drive new client adoption during the quarter.

The re-branded Workconex recruitment management system has attracted new customers and the Company's strategic partnership with CareerOne has delivered valuable data, insights, resources and sales leads.

Under the terms of the agreement, Nvoi acquired 100% of the issued share capital of Workconex Holdings Pty Ltd for an initial consideration of \$10 plus earn-out consideration of up to \$300,000 in cash subject to Workconex achieving at least 350 genuine paying subscribers (who have held such status for at least two consecutive months) within 12 months of completion. The earn-out amount is equal to \$857 for each such subscriber until capped out and is payable within 14 days of the end of that 12-month period. In addition, Nvoi assumed a total of approximately \$300,000 in net debt owed by Workconex Holdings Pty Ltd, which was paid out at completion.

Impact of the COVID-19 crisis

With the onset of the COVID-19 crisis late in the quarter and in response to the global economic uncertainty caused by the pandemic, the Company implemented measures to maintain low operational expenditure and reduce costs where possible. These measures have assisted in mitigating against the impact of COVID-19 on Nvoi's activities.

The impact of COVID-19 on the proposed Nvoi Direct launch is noted above.

In addition, all personnel commenced working from home as a precaution against COVID-19. Nvoi is well equipped to have staff work remotely and continue operations, and these arrangements have not to-date and are not anticipated in the future to have a material impact on the business.

Summary of expenditure for the quarter and related party payments

During the quarter, Nvoi's total operating expenses were approximately \$368,000, including staff costs of approximately \$269,000.

Market research on potential product enhancements for the Nvoi platform was conducted in-house by Nvoi personnel. Costs for operation of the platform and development work, (including product manufacture) not conducted by Nvoi personnel were approximately \$52,000. These costs include fees paid under the Company's strategic partnership arrangement with CareerOne. R&D costs totalled approximately \$27,000.

The rebranding of the Workconex platform and creation of new marketing collateral was largely completed in-house by Nvoi personnel. External advertising and marketing costs incurred in connection with this totalled approximately \$20,000 for the quarter.

Administration and corporate expenses totalled approximately \$234,000.

Payments made to related parties during the quarter were as follows:

Related Party ⁽¹⁾	Salary and fees \$	Super-annuation \$	Other \$	Total \$
Philip Crutchfield	25,000	2,375	-	27,375
John Winters	40,500	3,848	60,000 ⁽²⁾	104,348
Steven Papadopoulos	20,000	1,900	27,508 ⁽³⁾	49,408

Notes:

1. These individuals are related parties of the Company as they are directors of the Company.
2. Represents \$45,000 development fee paid to CareerOne Pty Limited, a company associated with Mr Winters; and \$15,000 rent paid to Superhero Super Pty Ltd, a company associated with Mr Winters.
3. Represents fees for legal services provided by law firm Milcor Legal, a law firm associated with Mr Papadopoulos.

The Company's cash balance as at 31 March 2020 was approximately \$4.5 million.

EVENTS SUBSEQUENT TO THE END OF THE QUARTER

Subsequent to the end of the quarter, approximately \$14,600 of revenue had been generated by CareerOne for Nvoi under its strategic partnership.

In addition, the Company commenced architectural changes to the Workconex product to enable seamless integration into Nvoi's core technology, contributing missing features to the greater product vision.

Additional strategic feature enhancements that provide unique technical value to recruiters and improved commercial opportunities were also in the design phase as CareerOne technology and resources are leveraged under the strategic partnership.

The Company has continued to engage with recruitment agencies on its proposed expanded Nvoi Direct platform despite the delays caused by the COVID-19 crisis, and work on further development of the product offering has continued.

Consistent with Nvoi's publicly stated strategy of expanding its operations to handle broader human resource management with an enhanced offering to the recruitment market, the Company continues to assess opportunities within the broader online recruitment space, driven in large part by the COVID-19 crisis and changing environment.

All personnel continue to work from home as a precaution against COVID-19.

This announcement has been approved for release to ASX by the Board of Directors of the Company.

Contact

Raife Watson
CEO
raife.watson@nvoi.com.au

John Winters
Executive Director
john.winters@nvoi.com.au

About Nvoi

Nvoi operates a human resources management business that empowers recruiters to seamlessly interface with their clients and candidates, and employers to recruit and manage their workforce within a single, cloud-based solution. With a focus on recruitment management, sourcing and onboarding of candidates, Nvoi offers businesses and recruiters of all shapes and sizes the opportunity to gain a competitive edge by leveraging technology. Nvoi's publicly stated strategy is to expand its current footprint to enhance its human resources offering to the broader recruitment market.

Website: www.nvoi.com.au

Appendix 4C

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

Name of entity

NVOI LTD

ABN

29 107 371 497

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		10	40
1.2 Payments for			
(a) research and development		(27)	(95)
(b) product manufacturing and operating costs		(52)	(113)
(c) advertising and marketing		(20)	(20)
(d) leased assets		-	-
(e) staff costs		(269)	(581)
(f) administration and corporate costs		(234)	(547)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		3	11
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)		-	-
1.9 Net cash from / (used in) operating activities		(589)	(1,305)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		-	(2)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (<i>proceeds from bond</i>)	-	9
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	7

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,613
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)	(104)
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) – repayment of the acquired entity's (ie, Workconex) bank loan and overdraft	(248)	(248)
3.10	Net cash from / (used in) financing activities	(251)	4,261

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,359	1,556
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(589)	(1,305)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	7
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(251)	4,261
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,519	4,519

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	4,519	5,359
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)	4,519	5,359

**6. Payments to related parties of the entity and their
associates**

- 6.1 Aggregate amount of payments to related parties and their
associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their
associates included in item 2

Current quarter \$A'000
181
-

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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.

n/a

8. Estimated cash available for future operating activities

\$A'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(589)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,519
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	4,519
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: n/a

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: n/a

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: n/a

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: 30 April 2020

Authorised by: By the board
(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.