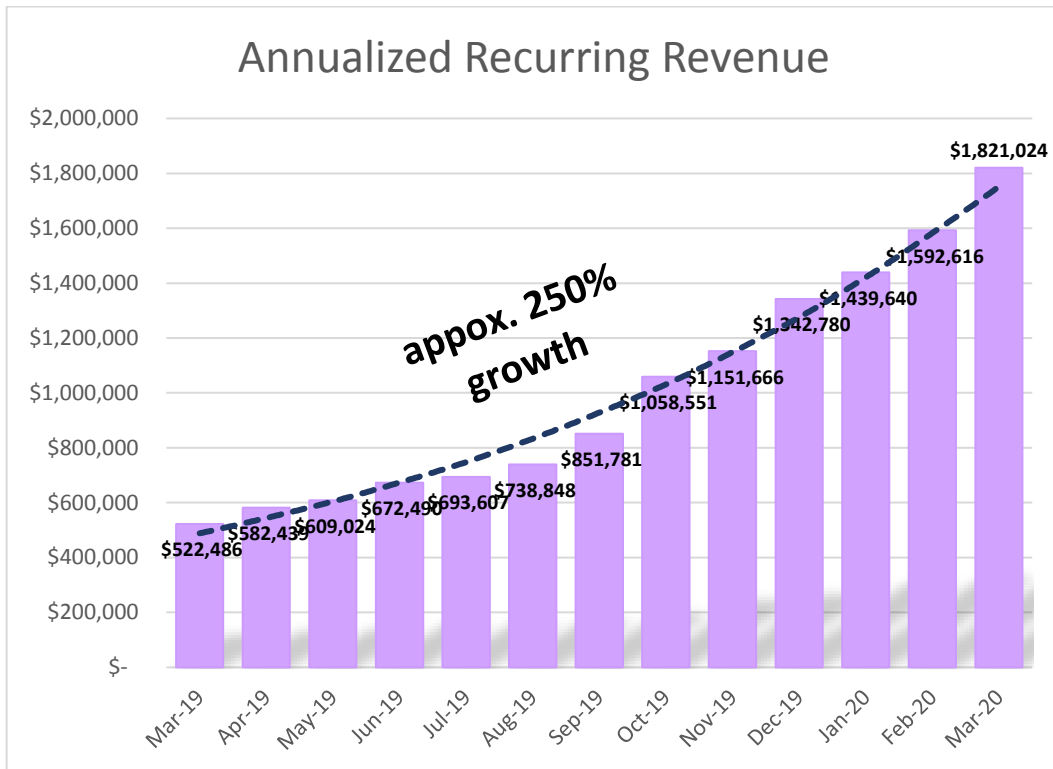


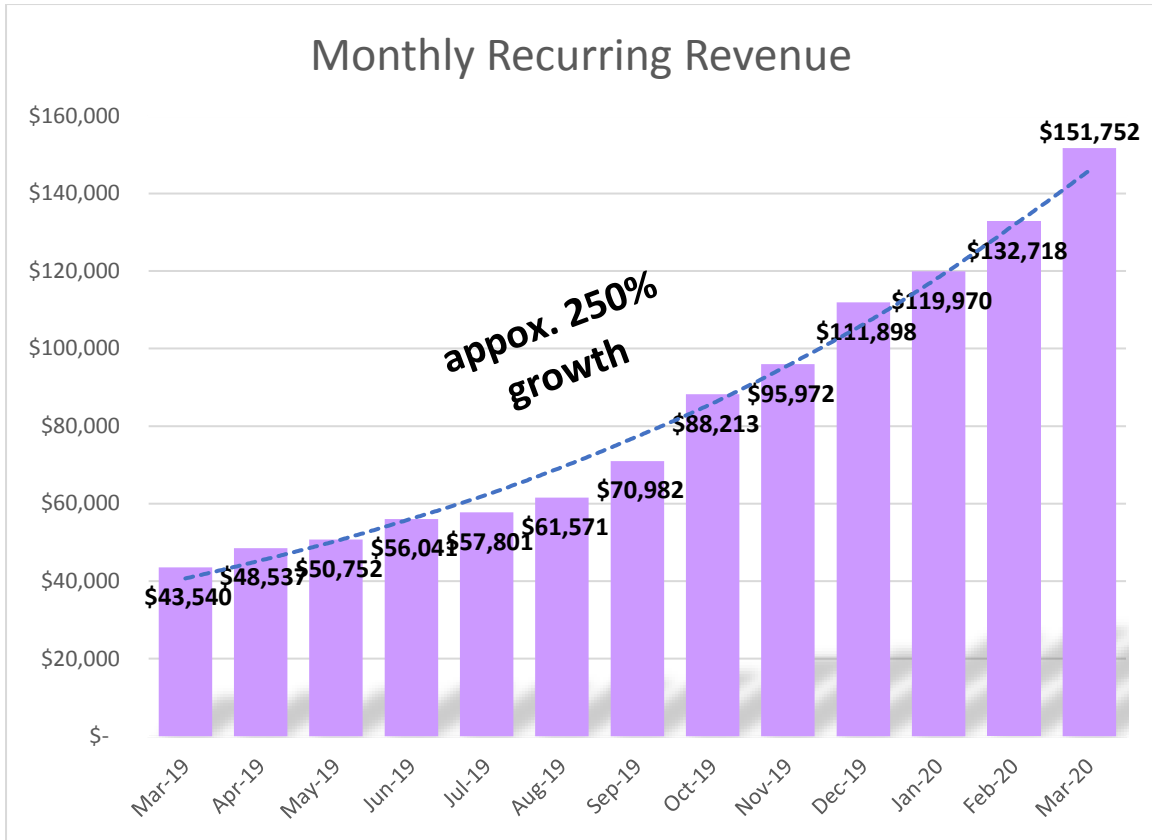
30 April 2020

March 2020 Quarterly Update

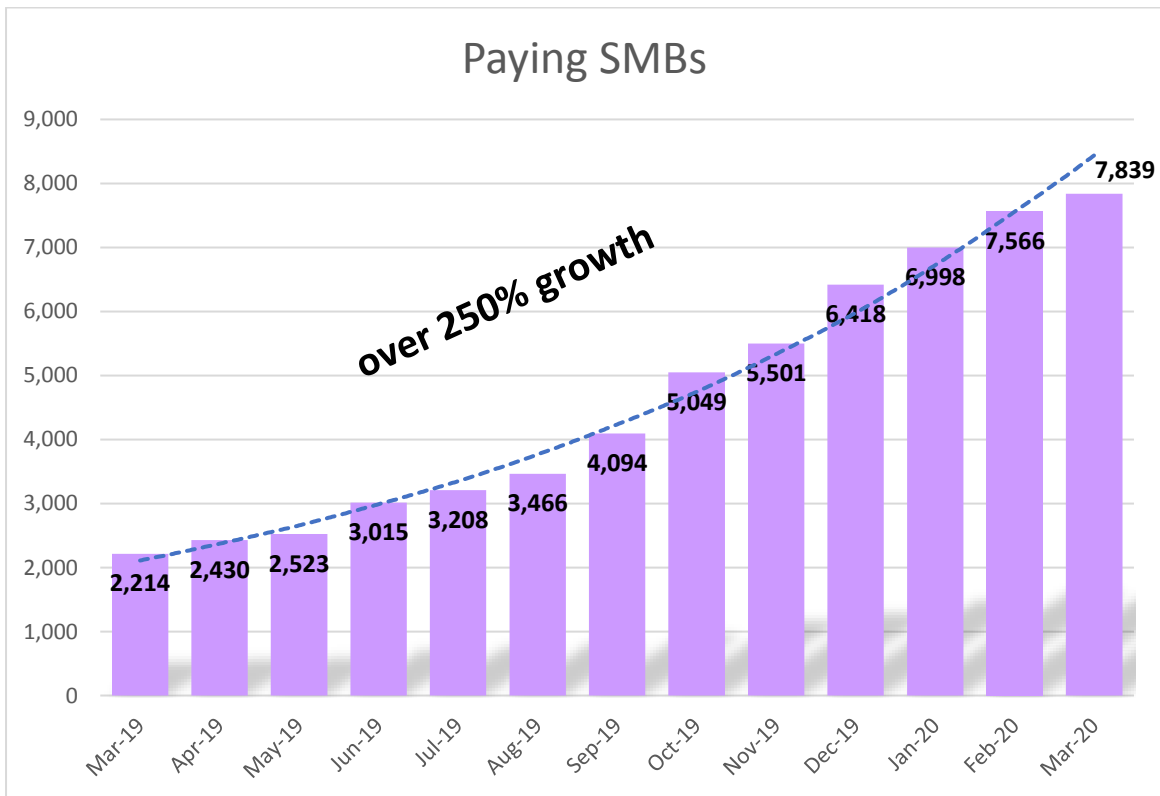
Highlights

- Despite the outbreak of COVID-19, AppsVillage exceeded revenue guidance in Q1 2020 delivering the following revenues for the March quarter;
 - Annualized Recurring Revenues (ARR) of **\$1,821,084** representing **~36%** growth on Q4 2019
 - Monthly Recurring Revenues (MRR) of **\$151,752** representing **~36%** growth on Q4 2019





- Continued strong growth in the number of paying SMBs increasing to **7,839** representing **~22%** growth on Q4 2019





AppsVillage Australia Ltd (ASX: APV) (AppsVillage or the Company), a SaaS solutions provider for small and medium businesses, has today released its Appendix 4C for the quarter ended 31 March 20 and provides a review of its operational highlights.

AppsVillage beats revenue guidance despite the COVID-19 outbreak

Despite the outbreak of COVID-19 during the March quarter, AppsVillage demonstrated strong underlying growth delivering 36% increase in ARR and MRR over the previous quarter. AppsVillage exceeded previous revenue guidance and generated ARR of \$1,821,084 and MRR of \$151,752, approximately 4% ahead of guidance announced to ASX on 26 February 2020.

Operational initiatives to improve customer experience and drive growth

During the quarter, the Company continued to implement a number of operational initiatives to improve the customer experience and drive growth in new subscribers on the AppsVillage platform.

Microfinance

Following our microfinance offering announced last quarter, we signed an agreement with leading credit risk analysis provider, CRiskCo, to integrate its credit risk analysis technology into our platform. This will enable AppsVillage to use accounting data analytics and artificial intelligence (AI) to provide advanced customer risk analysis, reduce underwriting time and cost, detect fraud and predict future credit failures ensuring real-time information when approving funding applications. This initiative benefits our customers by reducing the time and cost of obtaining finance and provides AppsVillage with greater certainty around our customers' ability to repay loans therefore reducing the risks associated with potential loan defaults.

This quarter we officially launched our microfinance offering in the US after an extremely successful trial which saw over 950 applications received on opening. AppsVillage is now providing microloans of between US\$5,000 and US\$50,000 to our US SMB network.

Following the official US launch, we commenced an eight-week pilot phase in Australia in collaboration with leading fintech provider Lumi Financial Management Pty Ltd (Lumi), to provide loans between \$5,000 and \$50,000 to a limited number of Australian SMB customers. The Company expects the official launch in Australia in Q2 2020.

Online app store and integration of AI algorithms

During the quarter the Company announced the beta launch of the AppsVillage Store to offer app downloads and a marketplace to drive sales of the SMBs products and services. The AppsVillage Store has been specifically designed to promote, boost and grow SMBs currently utilising the Company's app auto creation. The AppsVillage Store is expected to be officially launched during H1 2020, following the completion of the beta optimization process.

The Company announced the integration of AI algorithms to empower our customers with automated intelligent expertise to run their businesses at professional levels at a fraction of the cost. The AI algorithm offers users unlimited personalised graphic design, promotional campaigns and pre and post campaign analytics. By integrating AI into our app development software we have been able to significantly improve app development customisability and user experience which is of great value to our SMB customers.

Emergency microloan facility

Towards the end of the March quarter, the Company announced the establishment of an emergency microloan facility for SMBs to assist with their cashflow needs while dealing with the



impacts of COVID-19 on their operations. Eligible businesses on the AppsVillage platform will be able to access loans of up to \$10,000 within 24 hours.

Financial Overview

Cash at the end of the quarter was ~\$2,513,358.

The Company is targeting a cash outflow of ~\$215,000 per month to maintain its operations in the forthcoming quarter. This monthly cash burn does not include any projected revenue amounts to be received, which will offset the expenditure.

The aggregate amount of payments to related parties and their associates included in the current quarter totalled ~\$163,000. These payments consisted of Directors' fees and salaries paid to directors, technical consultancy fees and corporate advisory fees. All payments were on normal commercial terms.

The current quarter is covered by the Use of Funds projection detailed in the Company's Prospectus of June 2019. Below is a high-level comparison of anticipated versus actual expenditure for the Company.

Use of Funds per Prospectus	<u>Anticipated</u>	<u>Actual to date</u>	<u>Variance</u>
Research and Development	2,588,000	737,263	1,850,737
Sales, marketing and general costs	1,120,000	3,071,495	(1,951,495)
Corporate and administration costs	857,000	175,072	681,928
Unallocated Working Capital	147,870	-	147,870
Expenses associated with the Offer	587,130	859,570	(272,440)
	<u>5,300,000</u>	<u>4,843,400</u>	<u>456,600</u>

The company raised more funds since the IPO, hence additional funding has been applied to sales, marketing and general costs to enhance market penetration and position the company as industry leader.

Outlook

The Company continued to experience strong growth during Q1 2020 despite the outbreak of COVID-19. AppsVillage implemented a number of operational initiatives to improve the customer experience and retention rates to ensure sustainable revenue and subscriber growth on our platform. The Company is confident in its ability to deliver financial and operational growth throughout this year and is moving towards reaching annual recurring revenues of \$4.0 million by the end of calendar 2020.

--Ends--

For further information, please contact:

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About AppsVillage Australia Limited

AppsVillage provides an easy and inexpensive SAAS solution that allows small-to-medium businesses to create and manage their own mobile application as a means of connecting with their customers and growing their business.

AppsVillage's technology has automated the design, development, maintenance and marketing of mobile apps, allowing any business to build, preview and launch their own application without have any code writing or digital marketing knowledge.

Appendix 4C

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

Name of entity

AppsVillage Australia Limited

ABN

626544796

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (three months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	422,873	422,873
1.2 Payments for		
(a) research and development	(42,915)	(42,915)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(1,217,060)	(1,217,060)
(d) leased assets	(18,595)	(18,595)
(e) staff costs	(304,138)	(304,138)
(f) administration and corporate costs	(277,280)	(277,280)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(885)	(885)
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	(1,438,000)	(1,438,000)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(1,946)	(1,946)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (three months) \$A'000
(f) other non-current assets		
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		
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	(1,946)	(1,946)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.5 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)		
3.10 Net cash from / (used in) financing activities		

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,797,019	3,797,019
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,438,000)	(1,438,000)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,946)	(1,946)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (three months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held	156,284	156,284
4.6	Cash and cash equivalents at end of period	2,513,358	2,513,358

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	2,513,358	3,837,112
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)	2,513,358	3,837,112

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**

163,076

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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	1,438,000
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,513,358
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	2,513,358
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.75

- 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: No, the company has reduced its expenditure post 31/3/20 to ensure it has enough cash for the time being.

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: As a growing SaaS company, APV always considers its funding alternatives based on its growth target and the market conditions. Management believes in its ability to raise funds as needed and when necessary.

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, given the growth in Q4 and Q1 and that the Company is managing its level of expenditure, the company expects to meet its business objectives. The company has proven several times its ability to stand behind its targets and guidance.

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:Max Bluyband.....
(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.