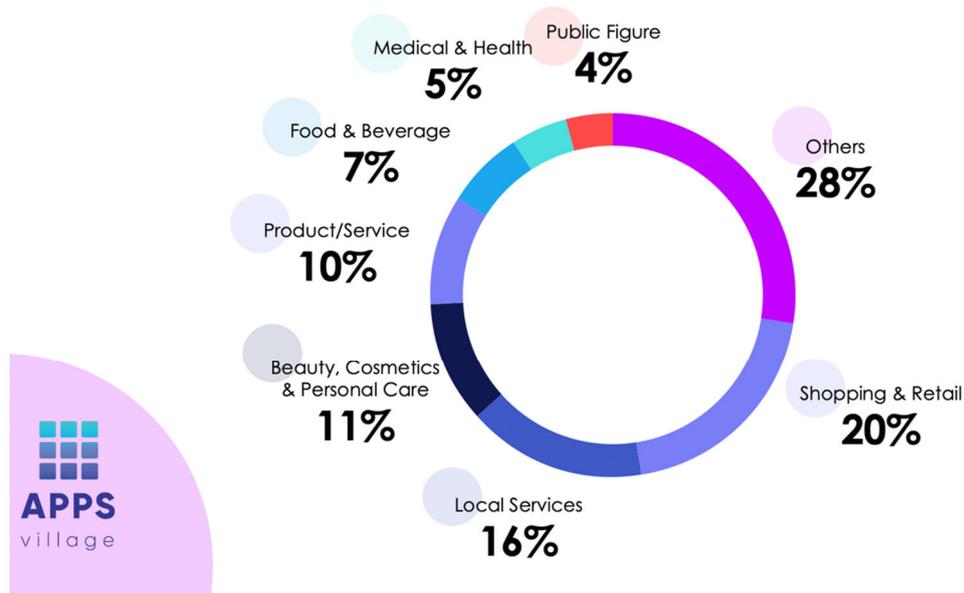


28 July 2020

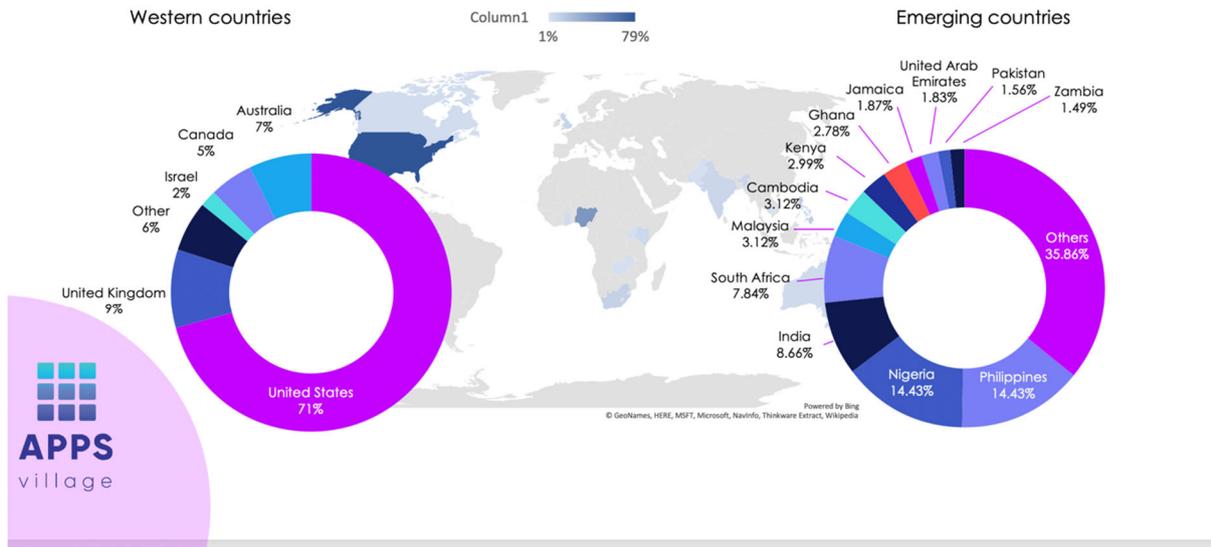
June 2020 Quarterly Update

- The COVID 19 Lockdown has significantly impacted the SMBs ability to operate their stores, as a result the Company has adjusted its customer acquisition spend from \$1,585,253 AUD in Q1 to \$241,569 AUD in Q2.
- The result of the reduced customer acquisition spend was:
 - Decline in ARR to \$1,230,132 AUD
 - Decline in Number of customers to 6,443
- Despite these adjustments
 - YOY the Platform subscribers increased by 113% vs. Q2 2019
 - YOY Annualized Recurring Revenues increased by 83% vs. Q2 2019
- AppsVillage AI-Based Facebook advertising management software, named JARVIS, exceeds industry benchmarks by up to 300% upon launch
- Temporary free access to AppsVillage platform offered to support Australian SMBs following COVID-19 outbreak

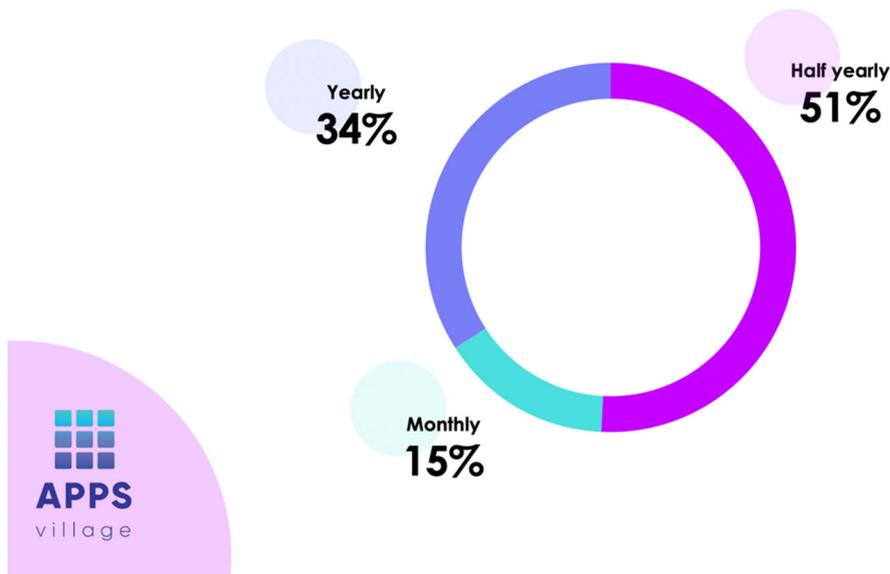
Most active business types July 19th



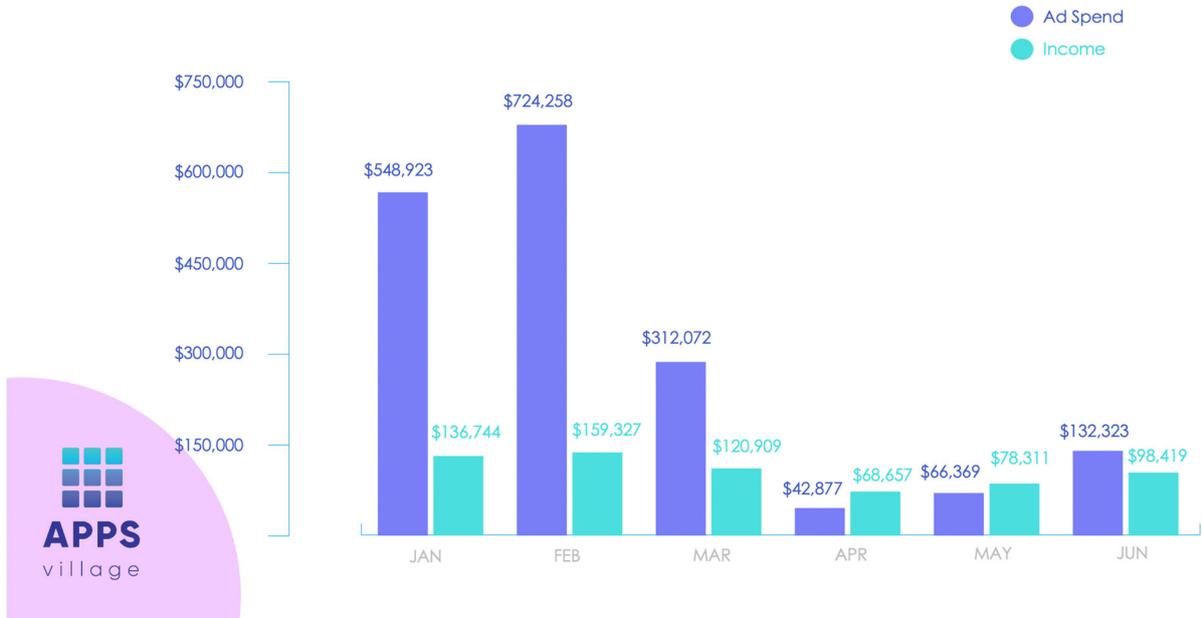
Where are our SMB July 19th



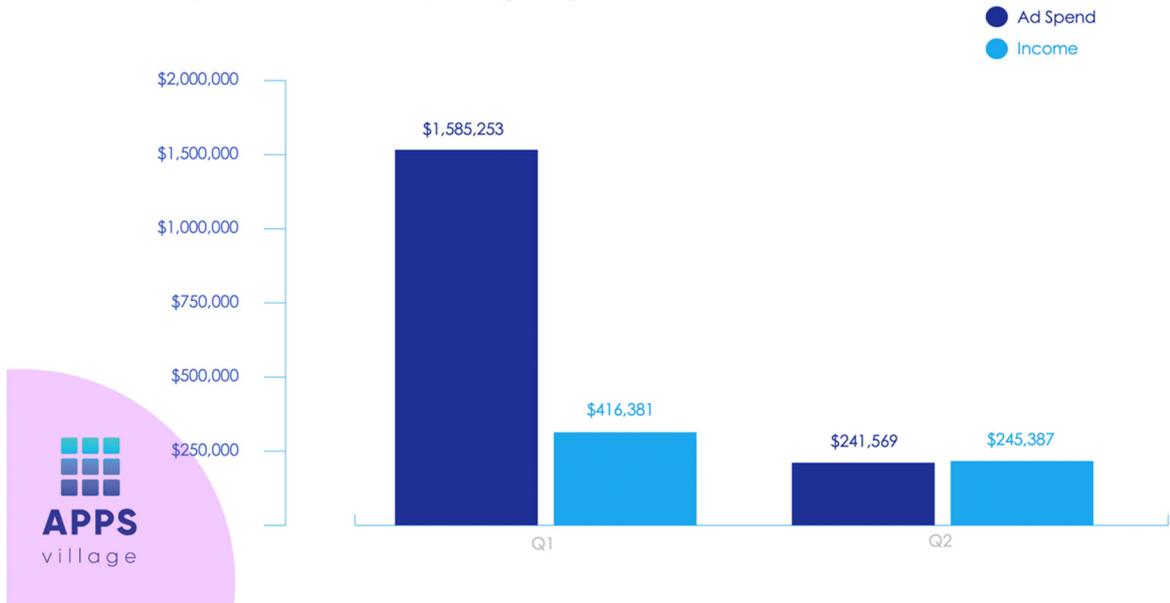
SMB's by plan



Monthly Income vs. Ad Spend (AUD)



Quarterly Income vs. Ad Spend (AUD)





AppsVillage Australia Ltd (ASX: APV) (AppsVillage or the Company), a SaaS solutions provider for small and medium businesses, today releases its Appendix 4C for the quarter ended 30 June 2020 and provides a review of its operational highlights.

Operational update

Since listing, AppsVillage has demonstrated its ability to rapidly scale customer and revenue growth and has now pivoted to focus on executing its long-term growth strategy. This strategy specifically focuses on delivering profitable customer growth by significantly improving customer value and ROI. In doing so, AppsVillage will deliver reduced customer acquisition costs and improve customer retention rates.

The Company commenced execution of this strategy during the quarter and has focused heavily on improving the usability and efficacy of its Facebook advertising and promotional campaign software. Pilot and preliminary testing has delivered positive results and the Company remains confident in its ability to add increasing value to its customers as it progresses with its strategy.

Launch of JARVIS, APV's artificial intelligence Facebook advertising agent

AppsVillage launched the second generation of its Facebook advertising campaign management software, JARVIS, for intelligent automation of online advertising.

JARVIS was launched to serve as a virtual marketing manager for SMBs, enabling intelligent management of online advertisements and promotion campaigns.

The algorithm leverages information for the SMBs existing Facebook page and previous campaigns to construct bespoke future campaign parameters that will yield improved customer reach, call to actions and user conversion results.

More specifically, JARVIS will offer SMBs

- A revamped database of possible campaign graphic designs for constructing individually adapted ads for higher conversion rates
- Specific reach and audience targeting by cross segmentation such as age, geolocation and interests
- Intelligent analytics constructs including automated custom campaign views, traffic, engagement, call to actions and redemptions
- Continuous conversion tracking with real-time adaptation of campaign parameters for enhanced business development, sales, and lead generation
- High-frequency cost optimization algorithms to provide optimal budget use against online bids for advertising space assets
- Advanced bid strategies allow to scale while keeping profitability
- Cross network promotions, working with top tier premium networks and keeping the quality of traffic to high standards.

Announced subsequent to the quarter end, JARVIS has delivered preliminary results that exceed industry benchmarks by up to 300% across the shopping and retail and beauty and fitness sectors.

These results are very encouraging as the Company moves forward and demonstrates the efficacy of the platform.

Freemium pass offered to Australian SMBs

During the quarter, AppsVillage launched a free pass, providing exclusive access to the AppsVillage platform for Australian SMBs, for a period of six weeks. This came as a result of the recent economic downturn from the COVID-19 outbreak that materially impacted the financial performance of small businesses.



As part of the free pass, Australian SMBs were able to access a portion of the AppsVillage platform, including:

- Sale of products and services using the all-in-one Ecommerce module of AppsVillage;
- Use the platform to automate highly targeted advertising campaigns through Facebook;
- Use of AppsVillage AI for automated creation of promotion graphics for online advertising, and;
- Establish loyalty programs for returning customers

Microfinance

United States

Following the COVID19 outbreak, which has impacted a number of SMBs ability to operate their stores, the company has postponed its loan activity until further clarity of the market for SMBs in the US emerges.

Australia

As announced in February 2020, the pilot phase of AppVillage's Australian microfinance offering has now completed and is expected to launch later in the year.



Financial update

In line with the Company's long-term growth strategy to focus on reduce costs and profitable customer growth, AppsVillage has delivered an ~85% decrease in customer acquisition costs to \$241,569.

The COVID-19 outbreak has had a considerable effect on SMBs globally and is it estimated that more than 31% of SMBs have ceased Facebook activity [[Forbes](#)]. Despite the situation, AppsVillage has delivered \$102,511 in monthly recurring revenue and \$1,230,132 in annualized recurring revenue, up ~83% on the 2019 corresponding period.

AppsVillage currently has 6,443 subscribers, up 113% on the 2019 corresponding period. Pleasingly, the Company has also experienced a rising trend in paying customers subscribing to the platform on six and twelve month plans, improving overall retention rates.

-Ends-

This announcement has been approved and authorised for release by Max Bluvband, AppsVillage CEO

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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")

30 June 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (six months) \$A'000 |
|---|----------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 245,387 | 668,260 |
| 1.2 Payments for | | |
| (a) research and development | (68,804) | (111,719) |
| (b) product manufacturing and operating costs | | |
| (c) * advertising and marketing | (1,119,540) | (2,336,601) |
| (d) leased assets | (21,757) | (40,352) |
| (e) staff costs | (365,875) | (670,013) |
| (f) administration and corporate costs | (203,284) | (480,563) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | | |
| 1.5 Interest and other costs of finance paid | (1,008) | (1,827) |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | | |
| 1.8 Other (provide details if material) | (23) | (89) |
| 1.9 Net cash from / (used in) operating activities | (1,534,904) | (2,972,904) |

() The actual spent on Q2/2020 advertising and marketing was AU\$245,387.*

Following COVID-19 situation, Facebook has deferred some of the payments to June, 2020. As a result the company paid in June for ads made in previous quarters.

2. Cash flows from investing activities

2.1 Payments to acquire or for:

- (a) entities
- (b) businesses

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (six months) \$A'000 |
|--|------------------------------------|--|
| (c) property, plant and equipment | - | (1,946) |
| (d) investments | | |
| (e) intellectual property | | |
| (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) |

| | | |
|---|----------|----------|
| 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 | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (six months) \$A'000 |
|---|--|------------------------------------|--|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,513,358 | 3,797,019 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,534,904) | (2,972,904) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | (1,946) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | | |
| 4.5 | Effect of movement in exchange rates on cash held | (180,781) | (24,496) |
| 4.6 | Cash and cash equivalents at end of period | 797,673 | 797,673 |

| 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 | 797,673 | 2,513,358 |
| 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) | 797,673 | 2,513,358 |

| 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 | 103,117 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | |
| <i>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.</i> | | |

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <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> | | |
| 7.1 Loan facilities | | |
| 7.2 Credit standby arrangements | | |
| 7.3 Other (please specify) | | |
| 7.4 Total financing facilities | | |
| 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) | (1,534,904) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 797,673 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 0 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 797,673 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 0.52 |
| <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: The Company has reduced its spending, specifically on advertising and marketing. The full impact of this change on Company's cash flow will be reflected starting 2nd half of 2020.</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? | |
| <p>Answer: The company has secured an additional cash by raising the amount of approx. AUD \$2.14M (before costs associated with capital raise) from sophisticated investors. In addition, the Company has announced that it will be commencing a Share Purchase Plan to raise up to \$2M from its shareholders.</p> | |

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: The company is confident in its ability to meet its business objectives based on its sales and product roadmaps.

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: 28 July 2020

Authorised by: Board of Directors
(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.