

31 July 2020

June 2020 Quarterly Update

HIGHLIGHTS

- Acquisition of global HR tech business JXT
- Rapid increase of cash receipts to over \$470,000
- Expansion of CareerOne Strategic Partnership
- Completion of \$1.8 million capital raising

Nvoi Ltd (ASX:NVO) (**Nvoi** or **Company**) has released its Appendix 4C Quarterly Report for the three month period ending 30 June 2020 and is pleased to provide the following update on its activities.

EVENTS DURING THE QUARTER

Nvoi continues with its strategy to expand operations to handle broader human resource management with an enhanced offering to the recruitment market.

During the June quarter Nvoi progressed this strategy, including by the acquisition of global human resources technology business JXT, with operations in Australia, the UK and USA, and expansion of its strategic partnership with CareerOne.

The Company also successfully completed a \$1.8 million capital raising through a pro rata entitlements offer to shareholders.

Acquisition of JXT

On 14 May 2020, the Company announced that it had entered into a binding agreement (through a wholly owned subsidiary) to acquire the JXT business and associated key assets. The acquisition completed in early June.

Under the terms of the agreement, Nvoi acquired the JXT business and key assets from the administrators of JXT Global Pty Ltd for a cash consideration of \$650,000 adjusted for outgoings, receipts and accruals as at the agreed transfer date of 30 April 2020.

JXT is a world leader in cloud-based digital marketing solutions for recruiters and corporate hiring teams. Its primary product offering is a software-as-a-service platform for delivering complete websites containing, among other things, job boards to display opportunities to jobseekers and a results-driven solution to attract, engage and place talent into suitable roles.

The acquisition has provided Nvoi with an immediate global presence with operations in Australia, the UK and USA and an impressive list of recruiter and corporate clients utilising its services in more than 20 countries.

The purchase price was \$650,000 in cash, subject to customary adjustments at completion.

The Company's immediate focus during the quarter post-acquisition was on integration of the JXT business into the group, consolidating revenue and development work on an enhanced JXT platform.

Expansion of CareerOne Strategic Partnership

During the quarter, and following the acquisition of JXT, the Company expanded its strategic partnership with CareerOne to leverage the full strength of CareerOne's technical team and job board IP and technology, with an increase in full time technical resources working across the entire Nvoi business. The Company's strategic partnership with CareerOne was first announced to ASX in October 2019.

This expanded partnership allows Nvoi to leverage all of CareerOne's job technology to deliver market leading products and services, off the back of a proven track record of building large scale applications in the job market, supporting its own business but also some of Australia's largest recruiters and corporates.

Under the expanded strategic partnership, Nvoi has increased its monthly payments to up to \$100,000 per month for at least six months for development work primarily on an enhanced JXT platform and licensing fees. This increase is expected to be largely offset by a reduction of costs in the JXT business.

Significant increase in cash receipts

Cash receipts from operations during the quarter were \$471,000 due largely to sales in the JXT business. These sales continued the trend identified by the Company for JXT during the March quarter, as the business performed strongly despite the impact of the COVID-19 pandemic.

Nvoi Direct and Workconex

The proposed roll out of the Company's enhanced SaaS-based Nvoi platform, Nvoi Direct, a 24/7 direct or self-serve candidate sourcing platform for end clients has been delayed, due to the onset of the COVID-19 crisis, until market conditions in the recruitment sector improve. The SaaS product will allow employers to interface directly with a recruiter's internal candidate database for quicker candidate sourcing.

The Company has commenced trials of the re-branded Workconex recruitment management system and this has attracted new customers. Despite the impact of COVID-19, the Company expects this to continue.

Capital Raising

During the quarter the Company successfully completed a non-renounceable entitlement offer to shareholders at 0.6 cents per share to raise approximately \$1.8 million.

The offer was for the issue of approximately 299,545,308 new Nvoi shares on the basis of one new share for every five existing shares held by eligible shareholders on the record date. The offer price represented a discount of approximately 25% to the volume weighted average price of Nvoi shares on ASX since the commencement of broad-scale COVID-19 lockdown measures on 16 March 2020 (a period of 39 trading days for Nvoi shares prior to the trading halt).

The offer also included a top-up facility under which eligible shareholders were entitled to apply for additional new shares in excess of their entitlement at the same price as under the offer.

The offer closed in mid-June heavily oversubscribed, with over \$3 million in applications received.

Proceeds received under the offer are being used to fund further development work for JXT, marketing, salaries and working capital.

Summary of expenditure for the quarter and related party payments

During the quarter, the group's total operating expenses were \$609,000. This comprised R&D, product development, operating and staff costs for Nvoi of \$282,000, R&D, product development, advertising, marketing and staff costs for Workconex of \$66,000, and product development, operating, advertising, marketing and staff costs for JXT of \$261,000.

Staff costs of approximately \$461,000 across the group also include market research and product development

Administration and corporate expenses for the group totalled approximately \$704,000.

In accordance with ASX listing Rule 4.7C.3, payments to related parties and their associates outlined in the Company's Appendix 4C for the quarter relate to the portion of Director salaries received in cash, superannuation payments to Directors, fees paid to CareerOne, design and software consultant fees and office rent paid to Superhero Markets Pty Ltd (companies associated with Mr Winters) and professional fees paid to Milcor Legal (a company associated with Mr Papadopoulos) for legal services.

The Company's cash balance as at 30 June 2020 was approximately \$5.24 million.

EVENTS SUBSEQUENT TO THE END OF THE QUARTER

Subsequent to the end of the quarter, the Company has continued to consolidate sales and revenue across the business, with invoices amounting to approximately \$250,000 issued by JXT.

Work has continued on development of an enhanced platform for JXT and this is expected to continue into the next quarter.

Engagement with recruitment agencies on the proposed expanded Nvoi Direct platform has also continued, albeit with limited take up mainly due to the COVID-19 crisis and downturn in market conditions.

In addition, as at the end of July John Winters formally changes role from executive to non-executive director of Nvoi, having overseen the strategic review of the Nvoi business since mid-2019 and development of its new strategy of expanding its operations to handle broader human resource management with an enhanced offering to the recruitment market. The Board thanks John for his valuable contribution. This also follows the commencement of Raife Watson in his role as CEO of the Nvoi group earlier this year to lead the Company in the implementation of this strategy.

The Company continues to assess opportunities within the broader online recruitment space in the light of the opportunities and challenges brought about by the COVID-19 crisis and an ever-changing environment.

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

Contact

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About Nvoi

Nvoi operates a human resources management business that empowers employers to recruit and manage their workforce all 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 with their internal hiring processes. 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")

30 June 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 471 | 511 |
| 1.2 Payments for | | |
| (a) research and development | (29) | (124) |
| (b) product manufacturing and operating costs | (113) | (226) |
| (c) advertising and marketing | (6) | (26) |
| (d) leased assets | | |
| (e) staff costs | (461) | (1,042) |
| (f) administration and corporate costs | (704) | (1,251) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 6 | 17 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | 229 | 229 |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | (607) | (1,912) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) businesses | (449) | (449) |
| (c) property, plant and equipment | - | (2) |
| (d) investments | | |
| (e) intellectual property | | |
| (f) other non-current assets | - | 9 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 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 | | |
| 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 | (449) | (442) |

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 1,799 | 6,412 |
| 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 | (18) | (122) |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | - | (248) |
| 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 | 1,781 | 6,042 |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 4,519 | 1,556 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (607) | (1,912) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (449) | (442) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 1,781 | 6,042 |
| 4.5 | Effect of movement in exchange rates on cash held | (3) | (3) |
| 4.6 | Cash and cash equivalents at end of period | 5,241 | 5,241 |

| 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 | 5,241 | 4,519 |
| 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) | 5,241 | 4,519 |

| 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 | 253 |
| 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 <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| 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) | (607) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 5,241 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 5,241 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) | 8 |
| <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? | |
| | Answer: n/a | |
| 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: n/a | |
| 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: n/a | |
| <i>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.</i> | | |

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: 31 July 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.