

ApplyDirect Limited Business Update and Appendix 4C

Melbourne, Australia, 22 July 2019: ApplyDirect Limited (ASX: AD1) (**ApplyDirect** or the **Company**), the provider of customer branded recruitment technology platforms, utilities software billing services and management platforms and related services, today released its business update and the Appendix 4C for the June 2019 quarter.

Key June 2019 Quarter Highlights & Business Update

- Cash receipts from customers for the June 2019 quarter were approximately \$1,147,000, up 176% on the previous quarter
- Net operating cash outflow for the quarter was approximately \$1,019,000, a reduction of 38% on the previous quarter. The outflows included one-off costs directly in support of contracted annuity revenues that will commence from the first and second quarters of the current financial year
- Announced placement to a cornerstone investor and underwritten SPP to provide minimum \$1 million in additional working capital
- The Board expects this will likely provide sufficient working capital to take the Company through to a position of profit during this financial year
- Cornerstone investor, Smedley Family Office (**Cornerstone Investor**), will be entitled to a Board position and will support and actively drive the Company's M&A activity
- Achieved a 30 June 2019 cost run rate reduction of approximately \$3 million per annum with further savings to be realised prior to calendar year end
- ApplyDirect software platform wins as announced are expected to commence revenue from the first and second quarters of the current financial year
- Utility Software Services (**USS**) is making good progress with new entrants in the utility sector with new customer wins expected to be announced in the current quarter
- Continuing to expand new project work across both parts of the business with existing customers
- Signed a multi-year agreement with the Pharmacy Guild of Australia (**Guild**) to develop, host and maintain a Guild branded talent platform that will connect talent and employers in the pharmacy sector in Australia
- The Victorian Government extended its Managed Services Agreement with ApplyDirect for a further 12-month term
- Signed new projects with the NSW Government to deliver the following enhancements for the *iworkforNSW* talent platform
 - enhance the platform's machine learning and artificial intelligence capability
 - further improve the platform's online discoverability

FY20 Outlook & Operating Breakeven

Achieving organic breakeven remains the top priority for the Board. ApplyDirect has already realised a reduction of its combined cost base by approximately \$3 million per annum including the synergies from the merger, with further savings to be realised by the end of the calendar year. It is expected that this will have a significant positive impact on profitability in the medium term.

The Company's recent significant contract wins (e.g. APM, Pharmacy Guild) will commence revenue contributions over the first and second quarters of the current financial year. In addition, the Company has a strong pipeline of high yielding opportunities across both ApplyDirect and USS divisions.

The Board expects that the accelerated revenue growth in conjunction with the cost base reduction already realised, and the increase in working capital of a minimum \$1 million (through Placement and SPP) will likely take the Company to a position of profit by the second half of the current financial year.

Cornerstone Investor and Share Purchase Plan

Another key priority for the Board is to explore complementary earnings per share accretive acquisition targets to further accelerate growth. On this front, the Company is pleased to have obtained the strong support of the Cornerstone Investor. The investment is an endorsement of the Company's strategy to increase shareholder value through selective and aligned acquisition targets. The Cornerstone Investor, Smedley Family Office, will be entitled to a Board position to drive the M&A strategy and will be actively involved in acquisitions. The Company will also engage advisors for suitable deal flow.

On 16 July 2019, the Company also announced a Share Purchase Plan, partially underwritten by the Cornerstone Investor up to \$350,000, which will provide its shareholders the ability to invest at the same price as the incoming Cornerstone Investor.

ApplyDirect CEO Bryan Petereit said: "I'm delighted that the Smedley Family Office has shown confidence in the potential of the Company and the Board's strategy for growth. In particular, I'm excited that they will provide strategic M&A advice to the Board.

"I also thought it very important that all shareholders have an opportunity via the SPP to purchase shares in the Company at the same price as the Cornerstone Investor.

"With the significant cost reductions already completed, the increase in working capital needed to get to a position of profit and the support of a Cornerstone Investor for future acquisition opportunities; I am excited that the Company is in a position to take advantage of the growth opportunities available to it."

END

Bryan Petereit

CEO
ApplyDirect
03 8199 0455

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

ApplyDirect Limited

ABN

29 123 129 162

Quarter ended ("current quarter")

30 June 2019

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	1,147	2,404
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(550)	(1,941)
(c) advertising and marketing	(128)	(658)
(d) leased assets	-	-
(e) staff costs	(1,162)	(3,481)
(f) administration and corporate costs	(325)	(1,421)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	425
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,019)	(4,674)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(18)	(21)
(b) businesses (see item 10)	-	839*
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(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 (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(18)	818

* \$838,895 held by USS at completion of the Acquisition. 132,888,839 new fully paid ordinary shares in the Company were issued for all of the shares in USS under the Acquisition completed on 22 March 2019.

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,010
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	-	(44)
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	-	1,966

On 16 July 2019, the Company received firm commitment of \$650,000 under placement to a cornerstone investor. In addition, the Company has also announced a Share Purchase Plan (SPP) to its shareholders which will provide further support for its working capital requirements. The SPP is underwritten by the Cornerstone Investor up to \$350,000.

The Directors expect that the cash balance as at 30 June 2019 along with the capital raised (to be raised) via the placement / SPP will likely provide the Company with sufficient cash reserves to achieve breakeven and become cashflow positive within the FY20 financial year.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,876	2,729
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,019)	(4,674)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(18)	818
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	1,966
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	839	839

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	839	1,875
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)	839	1,875

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	102
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	

The amount at 6.1 includes payment of directors' fees and payments to a director related entity excluding superannuation and reimbursement for administrative expenses and travel expenses.

7. Payments to related entities of the entity and their associates	Current quarter \$A'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	
N/A	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'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.		
N/A		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	590
9.3 Advertising and marketing	30
9.4 Leased assets	-
9.5 Staff costs	1,200
9.6 Administration and corporate costs	250
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	2,070

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets (\$A'000)	-	-
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: 22 July 2019

Print name: Prashant Chandra

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.