

ApplyDirect Limited March 2019 Quarterly Report and Appendix 4C

Melbourne, Australia, 30 April 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 Quarterly Report and Appendix 4C for the March 2019 quarter.

Key March 2019 Quarter Business Highlights

- Completed acquisition of Utility Software Services Pty Ltd (**USS**) on 22 March 2019 (**Acquisition**)
- Completed placement of new fully paid ordinary shares in the Company to Potentate Investments Pty Ltd and its Associates (**Placement**) to raise \$990,000
- Cash receipts from customers for the March 2019 quarter were approximately \$416,000 up 98% on the previous quarter (up ~87% normalised for USS customer cash receipts for the period 22 March 2019 to 31 March 2019)
- Net operating cash outflow for the quarter was approximately \$1,641,000 (~\$1,109,000 normalised for one-off transaction costs, employee termination costs and USS outflows for the period 22 March 2019 to 31 March 2019)
- Won three individual Victorian Government contracts with: Development Victoria; the Department of Health & Human Services (DHHS); and the Department of Environment, Land, Water and Planning (DELWP)

Acquisition

ApplyDirect acquired all of the shares in USS for a purchase price of \$3.588 million, in exchange for the issue of approximately 132.89 million shares in ApplyDirect to the USS shareholders. The 31 March 2019 cash balance of ApplyDirect accounts for following cash flows that have occurred in connection with the Acquisition such as:

- net operating cashflows for USS of negative \$133,064 in the period between completion of the Acquisition and 31 March 2019;
- operating cash outflows include \$91,639 in employee entitlements paid to ApplyDirect staff who left the Company in connection with the Acquisition;
- one-off cash outflows relating to the Acquisition of \$306,000; and
- \$990,000 raised under the placement.

ApplyDirect CEO Bryan Petereit said: “The acquisition provides the Company with important technical capability to support the extension of its SaaS platform technology and related services to large ecosystems, given USS is also a SaaS platform provider with similar people and technological infrastructure. In addition to the significant cost and capability leverage, the acquisition has added a diversified revenue stream of around \$4 million per annum.

“Accelerating the pathway to breakeven remains the key priority for the Company. Our focus for the June 2019 quarter is to finalise the integration of the enlarged ApplyDirect to unlock all synergies and deliver important cost savings. The integration program is well underway and along with revenue growth is expected to reduce the drain on working capital from the second half of the June 2019 quarter. The combined cost base will be reduced by approximately \$3 million (annualised) as a result of this work. The Company presently has sufficient cash to operate comfortably given these cost cutting measures and the fact that the USS acquisition included agreed cash at bank.

“ApplyDirect’s success within the government sector continued with three individual Victorian Government contract wins. These wins along with APM (currently being implemented) and opportunities in the latter stages of the sales cycle, are expected to drive strong revenue growth in the June 2019 quarter and beyond.

“The Directors have invested considerable effort in revamping the strategy which will underpin the revenue growth into the future.”

END

Bryan Petereit

CEO

ApplyDirect

03 8199 0455

Prashant Chandra

CFO & Company Secretary

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")

31 March 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	416	1,257
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(561)	(1,391)
(c) advertising and marketing	(173)	(530)
(d) leased assets	-	-
(e) staff costs	(883)	(2,312)
(f) administration and corporate costs	(440)	(1,103)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(3)
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	(1,641)	(3,656)

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	-	(3)
(b) businesses (see item 10)	839*	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	839	836

* \$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	990	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	990	1,966

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	1,687	2,729
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,641)	(3,656)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	839	836
4.4 Net cash from / (used in) financing activities (item 3.10 above)	990	1,966
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	1,875	1,875

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	1,875	1,687
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)	1,875	1,687

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	108
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	367
9.3 Advertising and marketing	130
9.4 Leased assets	-
9.5 Staff costs	1,274
9.6 Administration and corporate costs	642
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	2,413

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Utility Software Services Pty Ltd (ABN: 26 126 959 304)	-
10.2 Place of incorporation or registration	Melbourne, Victoria	-
10.3 Consideration for acquisition or disposal	<i>(Scrip for Scrip)</i> *	-
10.4 Total net assets (\$A'000)	\$411	-
10.5 Nature of business	Software, IT Consulting, SaaS provider for the utility sector.	-

**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. \$838,895 held by USS at completion of the Acquisition is included in Total net assets.*

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: 30 April 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.