

## 1. Company details

Name of entity:	Applyflow Limited
ABN:	29 107 371 497
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	9% to	993,912
Loss from ordinary activities after tax attributable to the owners of Applyflow Limited	up	24% to	(1,635,828)
Loss for the half-year attributable to the owners of Applyflow Limited	up	24% to	(1,635,828)

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,635,828 (31 December 2021: \$1,315,552).

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.05</u>	<u>3.03</u>

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Name of entities (or group of entities)	Applypayments Pty Ltd
Date control lost	Applypayments Pty Ltd (deregistered on 27 July 2022)

## 6. Dividends

### Current period

There were no dividends paid, recommended or declared during the current financial period.

### Previous period

There were no dividends paid, recommended or declared during the previous financial period.

## 7. Dividend reinvestment plans

Not applicable.

## 8. Details of associates and joint venture entities

Not applicable.

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## 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

All foreign entities are presented in compliance with International Financial Reporting Standards ('IFRS').

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## 10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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## 11. Attachments

*Details of attachments (if any):*

The Interim Report of Applyflow Limited for the half-year ended 31 December 2022 is attached.

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## 12. Signed



Signed \_\_\_\_\_

Date: 27 February 2023

John Winters  
Non-Executive Director

# **Applyflow Limited**

**ABN 29 107 371 497**

**Interim Report - 31 December 2022**

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Directors	John Winters Steven Papadopoulos Philip Crutchfield
Company secretary	David Franks
Registered office & Principal place of business	Level 5, 126 Phillip Street Sydney NSW 2000
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000
Auditor	Stantons Level 36, Gateway, 1 Macquarie Place Sydney NSW 2000
Solicitors	Milcor Legal Level 1, 6 Thelma Street West Perth WA 6005
Bankers	National Australia Bank 105 Miller Street North Sydney NSW 2060
Stock exchange listing	Applyflow Limited shares are listed on the Australian Securities Exchange (ASX code: AFW)
Website	<a href="http://www.applyflow.com">www.applyflow.com</a>
Corporate Governance Statement	The company's Corporate Governance Statement can be found on the company's website: <a href="https://investors.applyflow.com/investor/corporate-governance/">https://investors.applyflow.com/investor/corporate-governance/</a>

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Applyflow Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

### **Directors**

The following persons were directors of Applyflow Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Winters	Non-Executive Director
Steven Papadopoulos	Non-Executive Director
Philip Crutchfield	Non-Executive Director and Chairman

### **Principal activities**

During the financial half-year the principal activities of the consolidated entity consisted of the continued development of a single cloud-based software-as-a-service solution platform focusing on broader human resource management with an enhanced single offering to the recruitment market.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$1,635,828 (31 December 2021: \$1,315,552).

### *Consolidation of Capital*

In November 2022 there was a consolidation of shares and share options. The shares were consolidated on the basis that every 20 pre-consolidation shares or option securities were consolidated into 1 post consolidation security. This had the effect of reducing both the share in issue and share options outstanding by 20 times in this period compared to the last reporting period.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

### **Matters subsequent to the end of the financial half-year**


No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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John Winters  
Non-Executive Director

27 February 2023



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27 February 2023

Board of Directors  
Applyflow Limited  
Level 5, 126 Phillip Street  
Sydney NSW 2000

Dear Sirs

**RE: APPLYFLOW LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Applyflow Limited.

As Audit Director for the review of the financial statements of Applyflow Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(An Authorised Audit Company)**

A handwritten signature in black ink, appearing to read "Samir Tirodkar", written over a horizontal line.

**Samir Tirodkar**  
Director



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## **General information**

The financial statements cover Applyflow Limited as a consolidated entity consisting of Applyflow Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Applyflow Limited's functional and presentation currency. The functional currencies of the company's foreign subsidiaries are Pound Sterling ('GBP') and United States Dollar ('USD').

Applyflow Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

### **Registered office & Principal place of business**

Level 5  
126 Phillip Street  
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2023. The directors have the power to amend and reissue the financial statements.

**Applyflow Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**



	Note	Consolidated 31 Dec 2022 \$	31 Dec 2021 \$
<b>Revenue</b>	4	993,912	1,094,481
Other income	5	25,336	677
<b>Expenses</b>			
Finance and administration costs	6	(827,620)	(675,784)
Employee benefits expense		(1,583,359)	(1,313,402)
Amortisation expense		(142,032)	(226,426)
Depreciation expense		(5,585)	(73,210)
Share-based payment expense	16	(48,800)	(68,200)
Sales and marketing expense		(26,571)	(7,380)
Occupancy costs		-	(16,427)
Travel costs		(13,387)	(301)
Research and development costs		(7,722)	(20,772)
Finance costs		-	(6,075)
<b>Loss before income tax expense</b>		(1,635,828)	(1,312,819)
Income tax expense		-	(2,733)
<b>Loss after income tax expense for the half-year attributable to the owners of Applyflow Limited</b>		(1,635,828)	(1,315,552)
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(2,898)	(4,894)
Other comprehensive loss for the half-year, net of tax		(2,898)	(4,894)
<b>Total comprehensive loss for the half-year attributable to the owners of Applyflow Limited</b>		(1,638,726)	(1,320,446)
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	21	(1.11)	(0.95)
Diluted loss per share	21	(1.11)	(0.95)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**Applyflow Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2022**



	Note	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	4,587,754	5,597,125
Trade and other receivables	8	74,946	71,150
Other	9	195,976	180,343
<b>Total current assets</b>		<u>4,858,676</u>	<u>5,848,618</u>
<b>Non-current assets</b>			
Property, plant and equipment		22,243	22,690
Intangibles	10	395,659	537,691
<b>Total non-current assets</b>		<u>417,902</u>	<u>560,381</u>
<b>Total assets</b>		<u>5,276,578</u>	<u>6,408,999</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	422,726	342,127
Contract liabilities	12	930,942	614,192
Income tax		5,878	5,806
Employee benefits		422,352	361,940
<b>Total current liabilities</b>		<u>1,781,898</u>	<u>1,324,065</u>
<b>Non-current liabilities</b>			
Contract liabilities	12	29,188	38,829
Employee benefits		38,626	30,870
<b>Total non-current liabilities</b>		<u>67,814</u>	<u>69,699</u>
<b>Total liabilities</b>		<u>1,849,712</u>	<u>1,393,764</u>
<b>Net assets</b>		<u>3,426,866</u>	<u>5,015,235</u>
<b>Equity</b>			
Issued capital	13	29,321,601	29,321,601
Reserves	14	1,023,977	976,518
Accumulated losses		(26,918,712)	(25,282,884)
<b>Total equity</b>		<u>3,426,866</u>	<u>5,015,235</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Applyflow Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2022**



<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2021	24,051,837	834,819	(22,553,579)	2,333,077
Loss after income tax expense for the half-year	-	-	(1,315,552)	(1,315,552)
Other comprehensive loss for the half-year, net of tax	-	(4,894)	-	(4,894)
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>(4,894)</b>	<b>(1,315,552)</b>	<b>(1,320,446)</b>
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	5,269,764	-	-	5,269,764
Share-based payments (note 22)	-	63,880	-	63,880
<b>Balance at 31 December 2021</b>	<b>29,321,601</b>	<b>893,805</b>	<b>(23,869,131)</b>	<b>6,346,275</b>

<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2022	29,321,601	976,518	(25,282,884)	5,015,235
Loss after income tax expense for the half-year	-	-	(1,635,828)	(1,635,828)
Other comprehensive loss for the half-year, net of tax	-	(2,898)	-	(2,898)
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>(2,898)</b>	<b>(1,635,828)</b>	<b>(1,638,726)</b>
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 22)	-	48,800	-	48,800
Movement in FX Reserve	-	1,557	-	1,557
<b>Balance at 31 December 2022</b>	<b>29,321,601</b>	<b>1,023,977</b>	<b>(26,918,712)</b>	<b>3,426,866</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**Applyflow Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2022**



	Note	Consolidated 31 Dec 2022 \$	31 Dec 2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST and VAT)		1,347,815	1,282,724
Payments to suppliers and employees (inclusive of GST and VAT)		<u>(2,375,859)</u>	<u>(2,226,660)</u>
		(1,028,044)	(943,936)
Interest and other finance costs paid		-	(6,075)
Interest received		25,624	792
Applypay deposit paid		<u>-</u>	<u>(50,000)</u>
Net cash (used in) operating activities	20	<u>(1,002,420)</u>	<u>(999,219)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(5,148)	(22,452)
Payments for intangibles	10	-	(100,000)
Payments for security deposits		<u>-</u>	<u>18,769</u>
Net cash used in investing activities		<u>(5,148)</u>	<u>(103,683)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	13	-	5,687,542
Share issue transaction costs	13	-	(422,098)
Repayment of lease liabilities		<u>-</u>	<u>(73,345)</u>
Net cash from financing activities		<u>-</u>	<u>5,192,099</u>
Net increase/(decrease) in cash and cash equivalents		(1,007,568)	4,089,197
Cash and cash equivalents at the beginning of the financial half-year		5,597,125	2,207,157
Effects of exchange rate changes on cash and cash equivalents		<u>(1,803)</u>	<u>(4,904)</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>4,587,754</u></u>	<u><u>6,291,450</u></u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Going concern**

The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity has incurred net losses after tax of \$1,635,828 (31 December 2021: \$1,315,552) and net cash outflows from operations of \$1,002,420 (31 December 2021: \$999,219) for the half-year ended 31 December 2022. Cash and cash equivalents as at 31 December 2022 is \$4,587,754 (30 June 2022 \$5,597,125).

These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Based on the consolidated entity's cash-flow forecasts, the directors are confident that the consolidated entity will be able to continue as a going concern.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### ***Coronavirus (COVID-19) pandemic***

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

## **Note 2. Critical accounting judgements, estimates and assumptions (continued)**

### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### *Employee benefits provision*

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## **Note 3. Operating segments**

### *Identification of reportable operating segments*

The consolidated entity is organised into three geographical operating segments: Asia-Pacific (APAC); Europe, the Middle East and Africa (EMEA); and Americas. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

**Note 3. Operating segments (continued)**

*Operating segment information*

	APAC \$	EMEA \$	AMERICAS \$	Total \$
<b>Consolidated - 31 Dec 2022</b>				
<b>Revenue</b>				
Sales to external customers	816,837	137,244	39,831	993,912
<b>Total revenue</b>	<u>816,837</u>	<u>137,244</u>	<u>39,831</u>	<u>993,912</u>
<b>EBITDA</b>	(1,475,022)	(36,886)	(12,644)	(1,524,552)
Depreciation and amortisation	(136,529)	(83)	-	(136,612)
Interest revenue	25,336	-	-	25,336
<b>Loss before income tax expense</b>	<u>(1,586,215)</u>	<u>(36,969)</u>	<u>(12,644)</u>	<u>(1,635,828)</u>
Income tax expense				-
<b>Loss after income tax expense</b>				<u>(1,635,828)</u>
<b>Consolidated - 31 Dec 2021</b>				
<b>Revenue</b>				
Sales to external customers	809,534	203,503	81,444	1,094,481
<b>Total revenue</b>	<u>809,534</u>	<u>203,503</u>	<u>81,444</u>	<u>1,094,481</u>
<b>EBITDA</b>	(1,029,032)	17,884	3,363	(1,007,785)
Depreciation and amortisation	(299,504)	(132)	-	(299,636)
Interest revenue	677	-	-	677
Finance costs	(6,075)	-	-	(6,075)
<b>Profit/(loss) before income tax expense</b>	<u>(1,333,934)</u>	<u>17,752</u>	<u>3,363</u>	<u>(1,312,819)</u>
Income tax expense				(2,733)
<b>Loss after income tax expense</b>				<u>(1,315,552)</u>

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue from contracts with customers</i>		
SaaS revenue	812,846	973,546
Other revenue	181,066	120,935
<b>Revenue</b>	<u>993,912</u>	<u>1,094,481</u>

**Note 4. Revenue (continued)**

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	\$	\$
<i>Geographical regions</i>		
APAC	816,837	809,534
EMEA	137,244	203,503
AMERICAS	39,831	81,444
	<u>993,912</u>	<u>1,094,481</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>993,912</u>	<u>1,094,481</u>

**Note 5. Other income**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	\$	\$
Interest income	<u>25,336</u>	<u>677</u>

**Note 6. Finance and administration costs**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	\$	\$
Legal and due diligence expenses	8,374	4,027
Subscriptions	164,529	146,805
IT infrastructure	140,407	109,686
Administration expenses	514,310	415,266
	<u>827,620</u>	<u>675,784</u>

**Note 7. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Current assets</i>		
Cash at bank	1,049,492	2,084,487
Cash on deposit	3,538,262	3,512,638
	<u>4,587,754</u>	<u>5,597,125</u>

**Note 8. Trade and other receivables**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Current assets</i>		
Trade receivables	76,136	19,118
Less: Allowance for expected credit losses	<u>(1,941)</u>	<u>(1,926)</u>
	<u>74,195</u>	<u>17,192</u>
Customer deposits receivable from online payment systems	-	14,372
Receivable from Applypay clients	751	39,297
Interest receivable	<u>-</u>	<u>289</u>
	<u><u>74,946</u></u>	<u><u>71,150</u></u>

*Allowance for expected credit losses*

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

<b>Consolidated</b>	<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$	\$	\$
0 to 1 months overdue	64,311	16,925	-	-
1 to 2 months overdue	4,544	1,236	-	-
2 to 3 months overdue	2,166	-	-	-
Over 3 months overdue	5,115	957	-	-
Allowance for expected credit losses	<u>-</u>	<u>-</u>	<u>1,941</u>	<u>1,926</u>
	<u><u>76,136</u></u>	<u><u>19,118</u></u>	<u><u>1,941</u></u>	<u><u>1,926</u></u>

Movements in the allowance for expected credit losses are as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
Opening balance	1,926	57,829
Additional provisions recognised	15	4,150
Receivables written off during the year as uncollectable	-	(47,892)
Unused amounts reversed	-	(14,583)
FX	<u>-</u>	<u>2,422</u>
Closing balance	<u><u>1,941</u></u>	<u><u>1,926</u></u>

**Note 9. Other**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Current assets</i>		
Prepayments	90,621	69,357
Security deposits	-	43,106
Other deposits	<u>105,355</u>	<u>67,880</u>
	<u><u>195,976</u></u>	<u><u>180,343</u></u>



**Note 10. Intangibles**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Non-current assets</i>		
JXT Platform - at cost	802,306	802,306
Less: Accumulated amortisation	(602,306)	(557,150)
Less: Impairment	(200,000)	(200,000)
	<u>-</u>	<u>45,156</u>
Applyflow Platform - at cost	775,000	775,000
Less: Accumulated amortisation	(379,341)	(282,465)
	<u>395,659</u>	<u>492,535</u>
	<u><u>395,659</u></u>	<u><u>537,691</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	JXT Platform \$	Applyflow Platform \$	Total \$
Balance at 1 July 2022	45,156	492,535	537,691
Amortisation expense	(45,156)	(96,876)	(142,032)
Balance at 31 December 2022	<u>-</u>	<u>395,659</u>	<u>395,659</u>

**Note 11. Trade and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables	147,683	102,641
Accrued expenses	105,951	79,774
GST payable	3,150	10,687
VAT payable	7,807	93,697
Employee taxes payable	158,135	55,328
	<u>422,726</u>	<u>342,127</u>

**Note 12. Contract liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>930,942</u>	<u>614,192</u>
<i>Non-current liabilities</i>		
Contract liabilities	<u>29,188</u>	<u>38,829</u>
	<u><u>960,130</u></u>	<u><u>653,021</u></u>

### Note 12. Contract liabilities (continued)

This liability represents the portion of unearned revenue comprised of payments received from customers for which the performance obligation has not yet been met. Revenue from these payments will be recognised over the course of the contract once performance obligations are satisfied.

#### Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$960,130 as at 31 December 2022 (\$653,021 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	<b>\$</b>	<b>\$</b>
Within 6 months	291,359	111,981
6 to 12 months	79,472	56,478
12 to 18 months	17,069	24,314
18 to 24 months	7,848	10,467
24 - 36 months	4,271	4,048
Unallocated until Website build complete (classified as current)	<u>560,111</u>	<u>445,733</u>
	<u>960,130</u>	<u>653,021</u>

### Note 13. Issued capital

	<b>Consolidated</b>			
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>147,880,653</u>	<u>2,957,608,034</u>	<u>29,321,601</u>	<u>29,321,601</u>

#### Movements in ordinary share capital

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2022	2,957,608,034		29,321,601
Consolidation of Ordinary Shares (Consolidation ratio 20:1)	24 November 2022	<u>(2,809,727,381)</u>	-	-
Balance	31 December 2022	<u>147,880,653</u>		<u>29,321,601</u>

#### Movements in options

<b>Details</b>	<b>Date</b>	<b>Options</b>
Balance	1 July 2022	278,205,987
Employee Incentive Option Scheme shares	16 August 2022	25,000,000
Consolidation of Option Shares (Consolidation ratio 20:1)	17 October 2022	<u>(288,045,687)</u>
Options expired	30 November 2022	(500,000)
Options expired	31 December 2022	<u>(1,666,667)</u>
Balance	31 December 2022	<u>12,993,633</u>

#### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

### Note 13. Issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

#### Share buy-back

There is no current on-market share buy-back.

### Note 14. Reserves

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
Foreign currency reserve	(2,898)	(1,557)
Share-based payments reserve	1,026,875	978,075
	<u>1,023,977</u>	<u>976,518</u>

#### Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars and exchange differences in intercompany loans. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

#### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to certain key management personnel, employees, advisors and business partners of the consolidated entity as part of their incentive or compensation for services.

#### Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

<b>Consolidated</b>	Foreign currency reserve \$	Share-based payments reserve \$
Balance at 1 July 2022	(1,557)	978,075
Foreign currency translation	(1,341)	-
Share-based payment options amortised during the period	-	48,800
Balance at 31 December 2022	<u>(2,898)</u>	<u>1,026,875</u>

### Note 15. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

### Note 16. Share-based payments

In November 2022 there was a consolidation of shares and share options. The shares were consolidated on the basis that every 20 pre-consolidation shares or option securities were consolidated into 1 post consolidation security. This had the effect of reducing both the share in issue and share options outstanding by 20 times in this period compared to the last reporting period.

**Note 16. Share-based payments (continued)**

Option	Class	Exercise price	Number under option
Unlisted Director Options, issued as part of share-based compensation for remuneration	Vested on 29 November 2019 Expiring on 30 November 2024	\$0.4120	2,250,000
Advisor Options	Vesting on 11 February 2022 Expiring on 11 August 2024	\$0.2000	500,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 22 January 2021 Expiring on 30 November 2024	\$0.4120	125,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 27 August 2021 Expiring on 30 November 2024	\$0.4120	500,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 15 February 2021 Expiring on 28 February 2023	\$0.4000	150,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 17 November 2021 Expiring on 17 November 2023	\$0.4000	400,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 4 October 2022 Expiring on 17 November 2023	\$0.4000	200,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 17 August 2022 Expiring on 17 November 2023	\$0.4000	175,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 30 September 2022 Expiring on 30 September 2024	\$0.2000	2,000,000
Unlisted Incentive Options, issued as part of Hudson agreement	Vesting in three tranches with vesting conditions set out in ASX announcement on 28 October 2021: 357,250 vesting on 30 June 2022 714,500 vesting on 31 December 2022 Expiring on 30 June 2023	\$0.1400	1,071,750
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 30 June 2023 Expiring on 30 June 2025	\$0.1200	625,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 30 June 2023 Expiring on 30 June 2025	\$0.2000	625,000
Balance, see also - Options granted under incentive plans			8,621,750
			<b>Consolidated</b>
			<b>31 Dec 2022    31 Dec 2021</b>
<b>Share based payment expense (write-back)</b>			
Amortisation of share based payment options based on vesting conditions above		35,032	46,776
Amortisation of share based payments for employee equity incentive shares, non-vested		13,768	7,808
Incentive share based payment to Hudson <sup>(1)</sup>		-	13,616
		48,800	68,200

<sup>(1)</sup> Management have assessed the probability of the Hudson incentive options to be nil as at 31 December 2022.

500,000 Advisor options issued in August 2021, with a fair value of \$45,680, has been recorded to Share Issue cost note 13 and so do not appear in share based payments expense here.

Refer to note 22 for details on valuation model inputs to determine fair value.

**Note 17. Contingent liabilities**

The consolidated entity had no contingent liabilities as at 31 December 2022 and 30 June 2022.

**Note 18. Related party transactions**

*Parent entity*

Applyflow Limited is the parent entity.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	\$	\$
<i>Sale of goods and services:</i>		
Applypay funding income (as part of a trial transaction and R&D development in relation to the Applypay product) received from Superhero Markets Pty Ltd, a company associated with John Winters	1,209	915
<i>Payment for goods and services:</i>		
Legal fees (including legal services in relation to capital raising), paid to Milcor Legal Pty Ltd, to a company associated with Steven Papadopoulos*	4,675	43,800

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<i>Current payables:</i>		
Consultant fee, payable to Diamond Capital Partners Pty Ltd, a company associated with John Winters	-	15,000

\* Current period \$4,675 relates to legal services in respect of the 2022 AGM incurred in October 2022.

Prior period \$43,800 is made up of the following: \$18,800 relates to legal expenses incurred in the 6 months to 31 December 2021 and \$25,000 relates to legal expenses incurred in the prior year ended 30 June 2021 which was recorded as a related party payable as at 30 June 2021.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 19. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 20. Reconciliation of loss after income tax to net cash (used in) operating activities**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the half-year	(1,635,828)	(1,315,552)
Adjustments for:		
Depreciation and amortisation	147,617	299,636
Share-based payments	48,800	68,200
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(3,736)	17,653
Decrease/(increase) in prepayments	(17,862)	80,714
Decrease/(increase) in other operating assets	2,170	(50,000)
Increase/(decrease) in trade and other payables	81,070	(193,347)
Increase in provision for income tax	72	2,853
Increase in employee benefits	68,168	19,341
Increase in other operating liabilities	307,109	71,283
Net cash (used in) operating activities	<u>(1,002,420)</u>	<u>(999,219)</u>

**Note 21. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Applyflow Limited	<u>(1,635,828)</u>	<u>(1,315,552)</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(1.11)	(0.95)
Diluted loss per share	(1.11)	(0.95)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>147,880,653</u>	<u>138,691,580</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>147,880,653</u>	<u>138,691,580</u>

**Note 22. Options**

Options granted under incentive plans

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel, employees, advisors and business partners of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

**Note 22. Options (continued)**

Set out below are summaries of option movements during the financial half-year:

	Number of options 31 Dec 2022	Weighted average exercise price 31 Dec 2022	Number of options 31 Dec 2021	Weighted average exercise price 31 Dec 2021
Outstanding at the beginning of the financial half-year	278,205,987	\$0.0135	146,666,667	\$0.0145
Granted	25,000,000	\$0.0080	78,935,000	\$0.0101
Cancelled	-	\$0.0000	(33,333,333)	\$0.0100
Other (see below)	(288,045,687)	\$0.0000	-	\$0.0000
Expired	<u>(2,166,667)</u>	\$0.0000	<u>-</u>	\$0.0000
Outstanding at the end of the financial half-year	<u>12,993,633</u>	\$0.2079	<u>192,268,334</u>	\$0.0135
Exercisable at the end of the financial half-year	<u>11,743,633</u>	\$0.2130	<u>78,500,000</u>	\$0.0183

**Other**

In November 2022 there was a consolidation of shares and share options. The shares were consolidated on the basis that every 20 pre-consolidation shares or option securities were consolidated into 1 post consolidation security. This had the effect of reducing both the shares in issue and share options outstanding by 20 times in this period compared to the last reporting period.

Total options

Options outstanding at the end of the financial period have the following expiry date and exercise prices:

Note 22. Options (continued)

Option	Class	Exercise price	Number of options
Unlisted Options (these options were free attaching granted on 1:1 basis to shareholders of the placement complete on 8 March 2019)	Vested on 18 June 2019 Expiring on 30 November 2024	\$0.0680	4,371,883
Unlisted Director Options, issued as part of share-based compensation for remuneration	Vested on 29 November 2019 Expiring on 30 November 2024	\$0.4120	2,250,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 22 January 2021 Expiring on 30 November 2024	\$0.4120	125,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 15 February 2021 Expiring on 28 February 2023	\$0.4000	150,000
Unlisted CEO Options, issued as part of share-based compensation for remuneration	Vesting on 27 August 2021 Expiring on 30 November 2024	\$0.4120	500,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 17 November 2021 Expiring on 17 November 2023	\$0.4000	400,000
Advisor Options	Vesting on 11 February 2022 Expiring on 11 August 2024	\$0.2000	500,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 4 October 2022 Expiring on 17 November 2023	\$0.4000	200,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 17 August 2022 Expiring on 17 November 2023	\$0.4000	175,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 30 September 2022 Expiring on 30 September 2024	\$0.2000	2,000,000
Unlisted Incentive Options, issued as part of Hudson agreement	Vesting in three tranches with vesting conditions set out in ASX announcement on 28 October 2021: 357,250 vesting on 30 June 2022 714,500 vesting on 31 December 2022 Expiring on 30 June 2023	\$0.1400	1,071,750
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 16 August 2022 Expiring on 30 June 2025	\$0.1200	625,000
Unlisted Employee Options, issued as part of share-based compensation for remuneration	Vesting on 16 August 2022 Expiring on 30 June 2025	\$0.2000	625,000
			12,993,633



**Note 22. Options (continued)**

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/08/2022	30/06/2025	\$0.0600	\$0.1200	100.0000%	-	-	\$0.0287
16/08/2022	30/06/2025	\$0.0600	\$0.2000	100.0000%	-	-	\$0.0223

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In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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John Winters  
Non-Executive Director

27 February 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF APPLYFLOW LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Applyflow Limited, which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Applyflow Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Applyflow Limited's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 27 February 2023.

#### Responsibility of the Directors for the Financial Report

The directors of Applyflow Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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**Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  
*Samir*

**Samir Tirodkar**  
Director

West Perth, Western Australia  
27 February 2023

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