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30 October 2020

September 2020 Quarterly Update

- 23% increase in paying subscribers to 4,928 vs Q3 2019 achieved with a reduction of 50% of the expenditure on customer acquisition
- 18% increase in ARR to AU$ 973,693 vs Q3 2019
- Former Wix executive Mr Asaf Fox appointed as Vice President of Products to lead the enhancement and growth of JARVIS
- JARIVS delivers exemplary results, increasing customer advertising by 300%
- Successful capital raising and share purchase plan raising AU$2.5million before costs

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 September 2020 and provides a review of its operational highlights.

Operational and financial update
In line with the Company's refocused strategy, a number of cost saving initiatives were implemented during the quarter to reduce costs and focus on strategic, profitable and sustainable growth. This was successful and as a result AppsVillage delivered a 50% reduction in expenses while maintaining growth of 23% in paying subscribers, an increase of Annualized Recurring Revenues (ARR) of 18%, and a 50% reduction of spending on customer acquisition - all vs. Q3 of 2019.

The Company delivered invoiced income of AU$264,540 for the September quarter and has a cash balance of AU$1.68million as at 30 September 2020.

Appointment of Vice President of Products appointed
Former Wix.com executive Asaf Fox, was appointed as Vice President of Products to lead the enhancement and growth of APV's app development and marketing platform, JARVIS.

Mr Fox brings 10+ years' experience in product development from a number of global leading marketing platforms. Most recently he was the Head of International Markets for promo.com, a leading multinational video marketing provider with partners including Facebook, Youtube, gettyimages and shutterstock.

Prior to this, Mr Fox was the Head of the International Product Group for Wix.com where he led the advancement of Wix's user experience, adoption rate and monetization of the offering across all international markets.

JARVIS delivers exemplary results in first three months since launch
Since its launch earlier this year, the Company's AI software and advertising management platform JARVIS has delivered results beyond expectations and is comparable with leading campaign management platforms and is akin to having a highly experienced advertising manager working in-house.

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Key performance highlights from the quarter:

- 2,550 advertising campaigns have been placed through the JARVIS intelligent advertising automation
- Campaigns produced a 300% increase in new leads as "Interested Customers" via Facebook messenger vs. leads generated through a standard approach
- Cost-per-lead reduced by nearly 50% from AU$7.5 to AU$3.8, significantly beating the industry benchmark in several sectors
- As a result, small businesses increased the total number of Facebook ads by 30% in the past month alone
- In particular, small businesses in Shopping, Retail and Beauty and Cosmetics in USA, UK, Canada and Australia, showed the highest JARVIS effectiveness and doubled the number of monthly ads

To further capitalise on JARVIS, the Company expanded its offering and launched the JARVIS platform as a standalone product to non-subscribers. This came as a result of the ground-braking successes JARVIS has delivered in its first few months of operation and is expected provide an additional revenue stream for AppsVillage.

AppsVillage selected by Facebook to support small businesses

The Company was selected by Facebook as part of an initiative to help SMB's build a digital presence and face the numerous challenges presented by the COVID-19 pandemic. This initiative has been designed to recognise the challenges faced by SMBs in the current environment and as such has selected a group of world leading companies to help SMBs build their digital presence and online strategies. The name of the Facebook initiative is "It is the business of all of us".

AppsVillage was selected alongside with Fiverr, Wix, Lightrics, Monday and HoneyBook.

Successful capital raising and SPP raising a total of AU$2.5m

AppsVillage successfully raised AU$2.14 million before costs, at an issue price of 11.2c per share and will issue 19,164,688 new fully paid ordinary shares. The new shares were issued utilising its existing placement capacity under Listing Rule 7.1 and 7.1A.

The Company also raised an additional AU$333,900 (before costs) under its Share Purchase Plan and issued 2,981,218 fully paid ordinary shares at 11.2c.

-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.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
AppsVillage Australia Limited	
ABN	**Quarter ended ("current quarter")**
50 626 544 796	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	264,540	932,800
1.2	Payments for		
	(a) research and development	(97,419)	(209,137)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(620,065)	(2,956,665)
	(d) leased assets	(20,357)	(60,709)
	(e) staff costs	(362,605)	(1,032,618)
	(f) administration and corporate costs	(208,991)	(689,555)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid	(1,606)	(3,433)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (VAT repayments)		(89)
1.9	**Net cash from / (used in) operating activities**	**(1,046,503)**	**(4,024,313)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		(1,946)
	(d) investments		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
	(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)	1,946,535	1,946,535
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**	**1,946,535**	**1,946,535**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	797,673	3,797,019
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,046,503)	(4,019,406)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
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)	1,946,535	1,946,535
4.5	Effect of movement in exchange rates on cash held	(8,819)	(33,316)
4.6	**Cash and cash equivalents at end of period**	**1,688,885**	**1,688,885**

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	1,688,885	797,673
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)**	**1,688,885**	**797,673**

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	142,393
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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.

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7.	**Financing facilities** *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.*	**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**	507,442

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.

Share capital raised from:

1. existing shareholders through SPP and
2. personal investments by company's board members

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,046,503)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,688,885
8.3	Unused finance facilities available at quarter end (item 7.5)	507,442
8.4	Total available funding (item 8.2 + item 8.3)	2,196,327
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.1

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.

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:

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:

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:

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: 30th October 2020.....

Authorised by:  .....
(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.

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