

**ASX Announcement**

25 January 2022

**LiveTiles delivers strong H1 revenue growth and record cash receipts.****Highlights**

- 1H 2022 Operating Revenues (unaudited) of \$26.7m, a 32% increase compared to 1H 2021.
- Contracted licence base of 2.7m at 31 December 2021 grew 15% from 2.3m at 30 June 2021.
- Record cash receipts quarter of \$15.3m, 18% higher than pcp of \$13m.
- \$65.2m Annualised Recurring Revenue (ARR) at 31 December 2021 grew 12% versus the prior corresponding period (pcp); ARR on a Constant Currency basis was \$64.3m.
- An operating cashflow break-even quarter when excluding one-off items; a +\$0.5m improvement on Q1FY22 and +\$2.7m on pcp.
- A cash position of \$17.6m at 31 December 2021. With an additional \$4m available to draw from the OneVentures debt facility, taking total cash available to \$21.6m.
- Strategic investment in December 2021 to acquire BindTuning, a leading Digital Workplace software company helping to accelerate the development of the LiveTiles Marketplace for Employee Experience solutions

**LiveTiles Limited (ASX:LVT) (LiveTiles or the Company)**, a global leader in employee experience software for employee collaboration and communications, has today released its Appendix 4C and Quarterly activities report for the three month period ended 31 December 2021 and is pleased to provide the following update on financial and operating performance.

**BUSINESS AND FINANCE HIGHLIGHTS**

LiveTiles throughout the quarter has again continued to grow its revenues, cash receipts and new customers as the structural shift and focus towards Employee Experience solutions continues across the globe. The Company achieved the following key highlights through the quarter, including:

**1. SALES AND CUSTOMER UPDATE**

Operating revenues (unaudited) for 1H 2022 was \$26.7m, up 32% from 1H 2021 – a successful result, driven through strong performances in Software subscriptions. Contracted Licenses grew to 2.7m at 31 December, up 15% from 2.3m users at 30 June 2021, with LiveTiles Reach continuing its growth success, up 48% in the same 6 month period. Total customer count also rose to 1,055 at 31 December 2021.

ARR on a reported currency basis of \$65.2m as at 31 December 2021, up 12% from pcp. On a constant currency basis<sup>1</sup> ARR was \$64.3m, growing 11% from pcp. ARR Net \$ Retention for the trailing 12month period was 86% at 31 December, a drop from 30 June 2021, contributing factors included customers and partners provided with COVID billing relief, as disclosed in FY2021 accounts, not returning to active billing.

The Average ARR per Customer as at 31 December 2021 grew +21% to \$61.8k versus the pcp, as the business continues to focus its efforts on a shift to the larger Mid-market and Enterprise segment. On a constant currency basis, average ARR per customer grew +19% over the pcp to \$61.0k.

<sup>1</sup> December 31 2021 ARR is shown on a constant currency basis when compared with using 31 December 2020 FX rates.

Note: The Group commenced constant currency reporting in the quarter ended 30 June 2020



### Customer Highlights

The following key customer highlights were made during the quarter, including new signings and operational updates across the regions:

- US medical centre, one of largest in US with 90,000+ employees (US)
- A key division of the United Nations (Switzerland)
- Global mining services and equipment company (US) with 60,000+ employees
- A large Australian city council (AUS)
- A UK based University (UK)
- An Australian University (AUS)
- Multinational Food Manufacturing company (US)
- A Swiss Financial Institution (Switzerland)

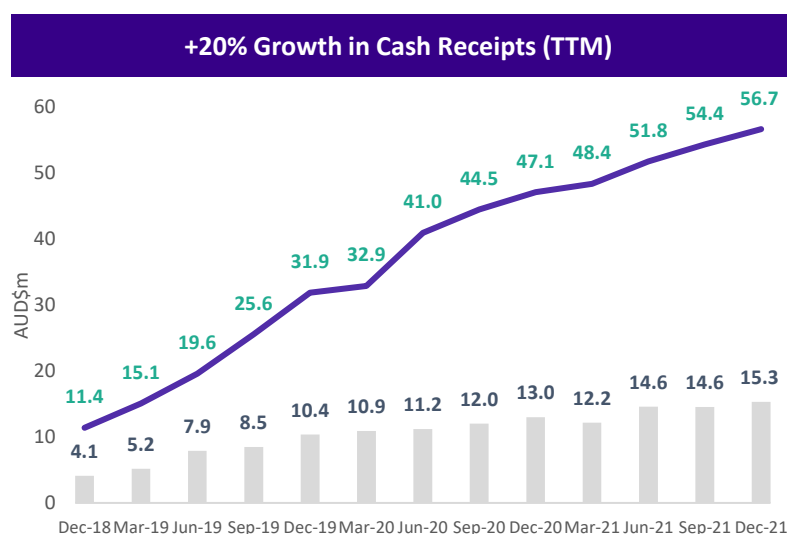
Operationally, during the quarter the Company completed its largest customer deployment project undertaken, with UnitedHealth Group program successfully deployed and now live across the business.

## 2. CASH UPDATE

### Cash Receipts

LiveTiles recorded another consecutive record cash receipts quarter of **\$15.3m** in Q2 FY22, a **+18% increase** on the pcp (Dec-20). A great effort in a quarter that is typically disrupted with the Holiday season break.

Trailing-twelve-month (TTM) cash receipts of **\$56.7m** growing **+20%** compared to pcp.



### Cash Balance and Cash Flows

Cash on hand balance as at 31 December 2021 was **\$17.6million**. With a further \$4m in funds available to drawdown with the OneVentures debt facility announced 27 September 2021, leaving **total available cash of \$21.6million**.

Net cash operating outflows in the quarter of \$(1.36)m, was a 90% improvement in outflows compared to pcp.

Adjusting for one-off items, an underlying breakeven Net Operating Cashflow was achieved for the quarter, when excluding a one-off \$(1.38m) tax adjustment payment relating to a US withholding tax review for prior years (2015-20). Tax payments related to current quarter and fiscal year, are reported in ongoing operating activities.

The underlying Net Operating cashflow result saw a +\$0.5m and 104% improvement on the Sep-21 quarter cashflows and +\$2.7m improvement compared to pcp. On a TTM basis, underlying Net Operating Cashflows of \$(3.3)m (excl. Govt Grants and non-recurring items) at 31 December 2021 has improved 70% compared to pcp.

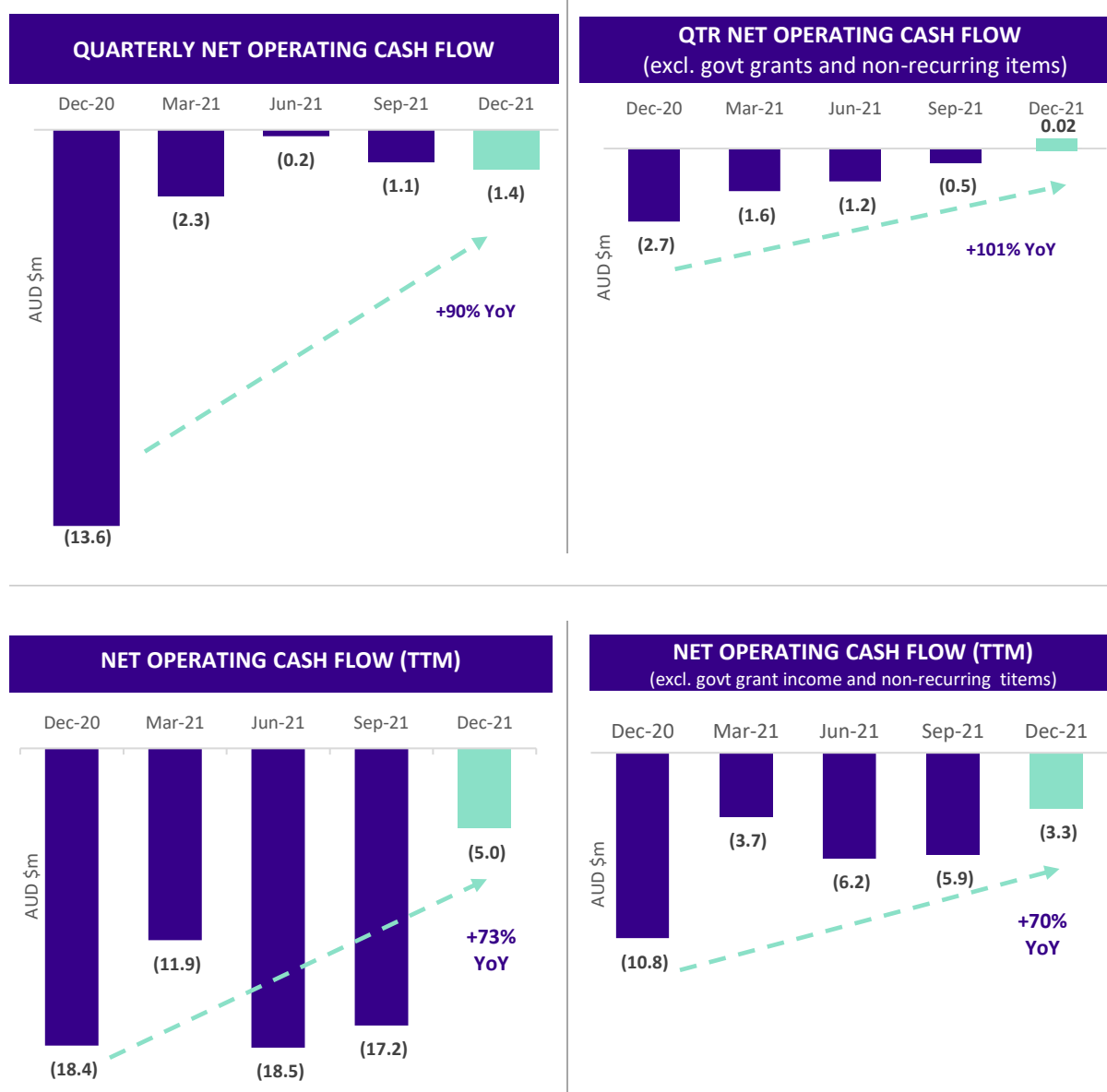
Cash outflows related to business operations included: R&D (\$5m), Operating costs (\$4.2m) Advertising and Marketing (\$1.3m), Staff costs (\$3.5m) and Admin and Corporate costs (\$1.2m).

*Note:* in the Appendix 4C report (page 7) for this quarter and going forward, the salary costs associated with the professional services delivery teams are reclassified from 1.2(e) Staff Costs into 1.2(b) Product Manufacturing & Operating Costs, this has also been reflected in the YTD amounts.

Cash outflows for investing activities during the quarter consisted of the following material items, with further details in the Business Operations Update:

- \$985k consideration paid for a 19.97% investment into My Net Zero.
- \$370k paid for initial 19.99% investment in BindTuning as announced on 15 December 2021.
- \$250k invested into Hide & Seek Pty Ltd for a 10% equity stake and establishment of strategic partnership with a key sales partner in Canberra market.
- \$82k for associated advisor fees for the above transactions and Q1-21 investment activities.

Cash outflows for financing activities included \$112k of advisor fees in relation to the debt facility transaction.



The payments to related parties of the entity and their associates in section 6 of the Appendix 4C includes payments such as compensation to executive directors and director's fees and loans to executive directors on arms-length terms.

### 3. BUSINESS OPERATIONS UPDATE

#### Strategic investment to acquire BindTuning

On 15 December, the Company announced to the ASX that it had entered into an agreement to acquire 100% of issued capital in BindTuning over a 24-month period, with an initial payment of USD\$540k for a 19.99% stake (50:50 cash and LVT stock) and the balance payment calculation linked to ARR performance hurdle.

BindTuning, with over 200 customers globally, is a leading software company for building technology to transform intranets into a modern and collaborative, intelligent digital workplace to improve the employee experience.

This acquisition helps accelerate the development of the LiveTiles Marketplace for Employee Experience solutions.

### My Net Zero Investment

In December, LiveTiles signed a strategic partnership and took a 19.97% minority investment for AUD\$985k into My Net Zero, a leading carbon reduction and climate change platform. This partnership will enhance LiveTiles' Employee Experience solutions with the launch of a new product to market "Reach Zero" by integrating the My Net Zero Framework into the LiveTiles Reach technology. This will provide organisations and employees across the globe a platform to help tackle Scope-4 emissions. Reach Zero provides the following capabilities:

- Gives employees an ability to build out and commit to a net-zero pledge
- Capture aggregated data about the employees' net zero plans and choices to help manage their net-zero journey
- Creates a communication and collaboration tool for users to receive progress dashboards, engage and receive advice from other users on how to progress their net-zero journey
- Creates a global benefits program as a way for employees to offset their home energy usage with renewables offsets.

During the quarter My Net Zero had its first partner join and sign up to the technology and participate, Ibredola, a global energy company with approximately 34,000 employees.

On 10 December 2021, LiveTiles and My Net Zero held a launch event, in conjunction with Monash University for the new partnership, with Federal Minister, Tim Wilson, Assistant Minister to the Minister for Industry, Energy and Emissions Reduction in attendance and was quoted saying:

*What I like about the My Net Zero functionality is it's focused on empowering individuals, businesses and households to take a sense of responsibility. The platform is full of excellent examples that will help consumers collectively be part of the solution. It makes it easier dealing with the challenge of; if I want to put solar panels on my roof, but actually if I look at this decision from an energy efficiency proposition, actually what I need to do is fix my insulation first.*

*This is where the My Net Zero technology is obviously the critical part of the solution, because it works with the slipstream of what people are trying to achieve for the future. It's also very important to empower businesses and households as a part of the conversation and take them on the journey.*

### Hide & Seek Partnership

During the quarter, the Company took a minority 10% stake in a Canberra based digital design and UX consulting business, Hide & Seek, for AUD\$250k. The investment, along with a key sales and reseller partnership, strategically positions LiveTiles with a footprint in the Canberra market alongside Hide & Seek, who is a trusted advisor to many Government departments and agencies.

### LiveTiles Co-Founder and Chief Executive Officer, Karl Redenbach states:

"The December quarter was an extremely busy and successful one. We achieved a great top-line revenue result and the company made three strategic investments with key partners to grow and improve Employee Experience solutions on the LiveTiles platform. Our progress this quarter has been very deliberate to help us achieve our strategic goals that we outlined in at the FY21 result. The Employee Experience market is growing considerably, and we are leading the way in helping companies understand how to improve their own employee experience offering for their staff as well as providing the best employee experience platform to support the needs of users. There has never been a more important time for Employers to look after their employees as we are seeing today.

It is pleasing to report another strong quarter of financial results, with +32% growth in our 1H 2021 operating revenues (unaudited) as well as another record quarter for cash receipts, our first time collecting over \$15m. We now have 2.7m contracted licences up from 2.3m at 30 June 2021 and these metrics will be our key focus going forward.

From an underlying cashflow perspective we recorded a break-even quarter which was extremely pleasing, a result of our continued cost disciplines focuses. Our cash position is healthy at \$17.6m with a further \$4m facility still available for drawdown.

We look forward to new and exciting opportunities and continued growth in 2022.”

**CONFERENCE CALL**

The Company will hold a webinar for investors at 11.00am Sydney Time, Tuesday 25 January 2022.

Registration details are available at: [LiveTiles Q2 registration link](#)

A recording of the conference call will be made available on the Company’s website at [www.livetilesglobal.com](http://www.livetilesglobal.com)

This announcement has been authorised for release by the Board.

**For further information, please contact:****Investors**

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**About LiveTiles:**

LiveTiles is a global leader in the employee experience market creating software to enhance employee collaboration and communication. LiveTiles is delivering solutions that drive human connection, employee engagement, well-being and productivity in the modern workplace.

LiveTiles have operations spanning North America, Europe, Asia and Australia, and services over 1,000 customers. LiveTiles was named is a leading player in the employee experience platform industry and has been acknowledged as such by Forrester and Gartner.

## Appendix 4C

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

**Name of entity**

LiveTiles Limited

**ABN**

95 066 139 991

**Quarter ended ("current quarter")**

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	15,307	29,881
1.2 Payments for		
(a) research and development	(4,988)	(9,877)
(b) product manufacturing and operating costs <sup>2</sup>	(4,191)	(7,927)
(c) advertising and marketing	(1,131)	(2,126)
(d) leased assets	-	(13)
(e) staff costs <sup>2</sup>	(3,526)	(7,497)
(f) administration and corporate costs	(1,247)	(2,649)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(135)	(209)
1.6 Income taxes paid	(65)	(65)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
<i>Non-recurring staff costs</i>		(586)
<i>Catch up tax payments – 2015 to 2020</i>	(1,380)	(1,380)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,355)</b>	<b>(2,449)</b>

**2. Cash flows from investing activities**

2.1 Payments to acquire or for:

(a) entities

-

-

(b) businesses

-

-

<sup>2</sup> From this quarter and going forward, the salary costs associated with the professional services delivery teams are reclassified from 1.2(e) Staff Costs and into 1.2(b) Product Manufacturing & Operating Costs, this has also been reflected in the YTD amounts.

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(c) property, plant and equipment	-	(9)
	(d) investments	(1,687)	(2,587)
	(e) intellectual property	-	-
	(f) other non-current assets	(48)	(129)
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,735)</b>	<b>(2,725)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	6,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(112)	(337)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(112)</b>	<b>5,663</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	20,850	16,673
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,355)	(2,449)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,735)	(2,725)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(112)	5,663
4.5	Effect of movement in exchange rates on cash held	(92)	394
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>17,556</b>	<b>17,556</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	17,556	20,850
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
	Cash held in trust	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>17,556</b>	<b>20,850</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	534
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Item 6.1: Payment of compensation to executive directors and directors' fees to non-executive directors.		
Item 6.2: Loan to executive directors on arms length terms including market tested interest rate.		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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>		
7.1 Loan facilities	10,000	6,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>10,000</b>	<b>6,000</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>4,000</b>
7.6		
<p>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.</p>		
<p>7.1</p> <p>On September 27, 2021 the Company announced it had signed a three and a half year secured loan facility with OneVentures for \$10m. At 31 December 2021, A\$6m has been made available and is fully drawn, the remaining \$4m remains available for 12 months until 27 September 2022. The facility has a fixed interest rate of 9.5% p.a. The facility is structured as 60% loan and 40% convertible notes. Further details can be found in the Company's ASX announcements.</p>		
<p>7.3</p> <p>In addition, the Company has received the following COVID-related funding packages:</p> <p><u>USA – first draw</u></p> <p>Lender: Evans Bank, N.A. (under the US Government's Pay check Protection Program)</p> <p>Amount: US\$158,221 (AUD \$220,546)</p> <p>Interest rate: 1% p.a.</p> <p>Maturity: 24 months from April 2020</p> <p>Secured / unsecured: Unsecured</p> <p>Note: during the quarter the Company applied for forgiveness of the loan under the terms of the Paycheck Protection Program. Upon completion of the forgiveness application process, \$1,121,579 of the original disbursement of \$1,279,800 was forgiven. The remaining \$158,221 was converted to an interest bearing loan with an interest rate of 1%.</p>		
<p><u>USA – second draw</u></p> <p>Lender: Evans Bank, N.A. (under the US Government's Paycheck Protection Program)</p> <p>Amount: US\$787,500</p> <p>Interest rate: 1% p.a.</p> <p>Maturity: 12 months from March 2021</p> <p>Secured / unsecured: Unsecured</p> <p>Note: the Company has treated these funds as a Government grant as the loan Program contains explicit criteria for loan forgiveness.</p>		
<b>8. Estimated cash available for future operating activities</b>		<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)		(1,355)
8.2 Cash and cash equivalents at quarter end (item 4.6)		17,556
8.3 Unused finance facilities available at quarter end (item 7.5)		4,000
8.4 Total available funding (item 8.2 + item 8.3)		21,556

8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	15.9
<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: .....25 January 2022.....

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.