

# Quarterly Activities Report & Appendix 4C

ASX Release

30 April 2020

## Resilience and Growth in Difficult Trading Conditions

### 3Q20 Highlights

 **10.4%**

Contracted ARR  
on 2Q20

 **74**

NPS increased from 50  
in 2Q20

 **11.9%**

Contracted Customer  
Numbers on 2Q20

 **7.8%**

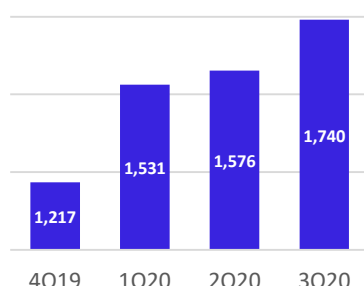
Contracted Subscriber  
Numbers on 2Q20

**intelliHR Limited (ASX: IHR)** is pleased to report an increase of 11.9% in customer numbers over the quarter with an additional 10 customers taking the total to 94. Contracted subscribers grew by 7.8% with an additional 924 users on the platform taking the total to 12,724. Annual recurring revenue increased by 10.4% despite lower cash receipts from customers due to timing differences in implementation fees. Importantly, monthly subscriber revenue has remained strong with consistently growing headcount. These achievements reflect the fundamental strength and resilience of the underlying business.

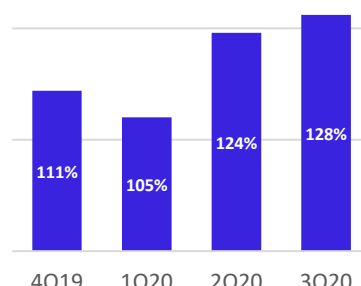
## Financial Performance

Annual recurring revenue increased by 10.4% to \$1.74 million while revenue retention increased from 124% to 128%.

Annual Recurring  
Revenue (\$'000s)



Revenue Retention



Cash receipts from customers were down by 15.6% to \$0.31 million from \$0.37 million in the previous quarter due to timing differences in implementation fees being receipted, mainly as a result of the impact of COVID-19. The impact on revenue in the quarter was minimal.

The Net Promoter Score increased to 74 at the end of the quarter, reflecting significant customer loyalty built both before and during the commencement of the COVID-19 environment.

“COVID-19 has driven a transformation in the business with the design and implementation of the COVID-19 Essentials HR platform to help our customer base under unprecedented trading pressure. Similarly, we have been able to secure new customers in an environment where businesses are focusing on preserving cash resources.”

**Robert Bromage**  
intelliHR Managing Director

## Financial Performance (cont)

Net cash used in operations for the quarter totalled \$0.48 million, including the receipt of an R&D tax rebate of \$0.66 million and a further \$0.05 million government stimulus payment. Normalising for these payments, net cash used in operations totalled \$1.19 million over the quarter. Year-to-date, net cash used in operations totalled \$2.52 million, an improvement of 24% from the \$3.33 million used in the corresponding period in FY19, reflecting the success of on-going cost control measures implemented in FY20.

Cash reserves increased by \$2.2 million over the last quarter to \$3.4 million due to the receipt of the Colinton Capital funds of \$2.74 million as well as the R&D incentive and government stimulus payment. With its current cash preservation measures, including the elimination of all non-essential expenditure business-wide, intelliHR has a strong cash position.

## COVID-19 Initiatives

Over the past few months, intelliHR has responded to the unprecedented conditions driven by COVID-19 by taking measures to preserve its business, including reviewing its budgets and customer portfolio, and protecting its sales pipeline. At this stage, there are no outstanding receivables at risk and whilst some reduction in subscriber numbers has been experienced as some businesses have been forced to downsize, this has been offset by increased subscriber numbers through the continued onboarding of new customers.

The business has also responded by designing, marketing and implementing a new “freemium” platform capability aimed at assisting businesses to keep their staff connected and engaged during this period of significant workplace disruption. The COVID-19 product has been made free to all businesses. There has been no reduction of the intelliHR workforce as it juggles business as usual operations with the increased workload of bringing COVID-19 Essentials customers onto the platform.

The COVID-19 Essentials “freemium” package has been extremely well received with new customers using the platform to stay connected to their staff including stood-down workers who will be critical in an eventual ramp-up after restrictions have been lifted. Since the launch, a job seeker stimulus consent process has been added to the platform, available to all paying and freemium COVID-19 Essentials customers.

“The flexibility of our platform enabled the quick and effective addition of new functions to assist existing clients operate under changed conditions arising from COVID-19, generating enormous loyalty from our customers. These additional features were then leveraged into a standalone freemium product available to all businesses to help manage WFH, disparate and stood-down workforces.”

**Robert Bromage**  
intelliHR Managing Director

## Customers and Subscribers

The business acquired 10 new paying customers in 3Q20.\* Some existing customers have been forced to stand down employees during the lock-down period, decreasing their active subscriber base with consequent impacts on our revenue from those customers. However, subscribing headcount has increased as some existing customers have increased employment, yet-to-be-invoiced subscribers have been converted to invoiced subscribers, and subscribers of new customers have been onboarded. Stood-down employees remain on the platform, enabling them to be re-onboarded by customers quickly as businesses begin to recover. They are not included in the invoiced subscriber numbers and will be reported in the “subscribers to be invoiced” category until they return to work.

Authorised by the Board of intelliHR

\* This does not include a signed-up customer whose circumstances changed and who did not proceed with the onboarding process. The business had 26 subscribers.

## Additional Information

	1H18	2H18	1H19	2H19	1H20	3Q20
Customer Numbers	19	30	44	58	84	94
Growth	4	11	14	14	26	10
Contracted Subscribers	2,492	3,284	5,170	9,451	11,800	12,724
Growth	475	792	1,886	4,281	2,349	924
Subscribers Invoiced	1,878	2,288	3,286	5,242	8,743	9,438
Growth	1,096	410	998	1,956	3,501	695
Subscribers to be Invoiced	614	996	1,884	4,209	3,057	3,286
Change	-	382	888	2,325	-1,152	229

## COVID-19 Essentials HR Platform Uptake

As announced on 1 April, the take-up of the new free COVID-19 Essentials HR platform was as follows:

	Signed Up	Subscribers	Sign Up Initiated	Inbound Inquiry
COVID-19 Essentials HR Platform	11	591	19	32

## Further Information

Kate Shea  
intelliHR Investor Relations  
[investor.relations@intellihr.co](mailto:investor.relations@intellihr.co)

**intelliHR** is an Australian HR technology business developing and currently marketing a next-generation cloud-based people management and data analytics platform. Delivered to customers by a SaaS business model, it is disruptive and advanced technology leveraging AI specifically Natural Language Processing in the application. It is scalable to a global market and is industry agnostic. For more information visit: [www.intellihr.com.au](http://www.intellihr.com.au)

## Appendix 4C

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

**Name of entity**

intelliHR Limited

**ABN**

38 600 548 516

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

31 March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	309	1,022
1.2 Payments for		
(a) research and development	(462)	(1,353)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(101)	(273)
(d) leased assets		
(e) staff costs	(597)	(1,729)
(f) administration and corporate costs	(319)	(830)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	13
1.5 Interest and other costs of finance paid	(26)	(81)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	656	656
1.8 Other (Government Stimulus))	51	51
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(483)</b>	<b>(2,524)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(4)	(6)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	1	1
	(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 (Release of Security Deposit)	50	50
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>47</b>	<b>45</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,751	4,339
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	(14)	(109)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(97)	(280)
3.7	Transaction costs related to loans and borrowings		
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>2,640</b>	<b>3,950</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	1,224	1,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(483)	(2,524)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	47	45

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,640	3,950
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,428</b>	<b>3,428</b>

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	3,378	1,224
5.2	Call deposits	50	
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,428</b>	<b>1,224</b>

**6. Payments to related parties of the entity and their  
associates**

6.1 Aggregate amount of payments to related parties and their  
associates included in item 1

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

**Current quarter  
\$A'000**

123

23

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

**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.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
0	0

7.5 **Unused financing facilities available at quarter end**

0

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.

**8. Estimated cash available for future operating activities**

**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(483)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,428
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	3,428
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	7

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

## 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: 30 April 2020

Authorised by: By the Disclosure Committee  
(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.