

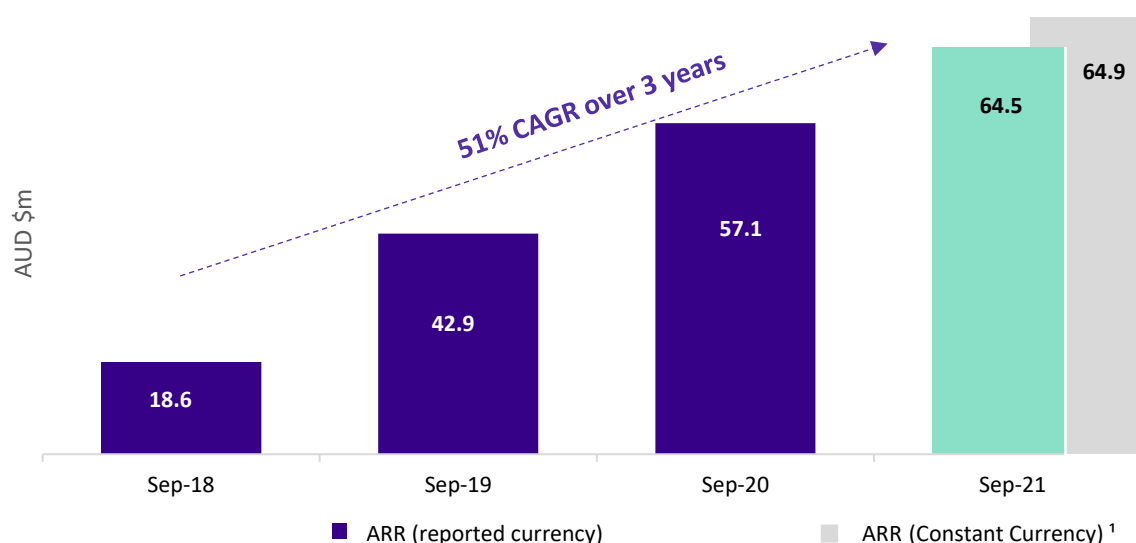
ASX Announcement

28 October 2021

LiveTiles continues its momentum with growth in ARR and cash receipts**Highlights**

- \$64.5m Annualised Recurring Revenue (ARR) at 30 September 2021 grew 13% versus the prior corresponding period (pcp); ARR on a Constant Currency basis¹ was \$64.9m.
- Cash receipts of \$14.6m, an equal record quarter; was 21% higher than pcp (\$12m). Net operating cash outflow (excl. grants and non-recurring items) of \$0.5m; a 58% improvement on Q4FY21 and 33% on pcp.
- LiveTiles announced it had secured a \$10m loan facility, with \$6m received and fully drawn. The remaining \$4m will be issued as convertible notes following shareholder approval at 2021 AGM
- A cash position of \$20.9m at 30 September 2021. Which includes \$6m of the \$10m facility, with a further \$4m to come subject to shareholder AGM approval, setting the Company to be well funded to continue executing its growth strategy.
- Hosted a global *Lets Connect with Simon Sinek* virtual event with approx. 4,300 attendees and over 20,000 visited the event website to view the Employee Experience (EX) Thought Leadership materials and has generated approximately 500 qualified opportunities

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 30 September 2021.

ARR growth¹

Annualised Recurring Revenues (ARR) represented contracted, recurring revenue on an annualised basis

¹ September 30 2021 ARR is shown on a constant currency basis when compared with using the 30 September 2020 FX rates.

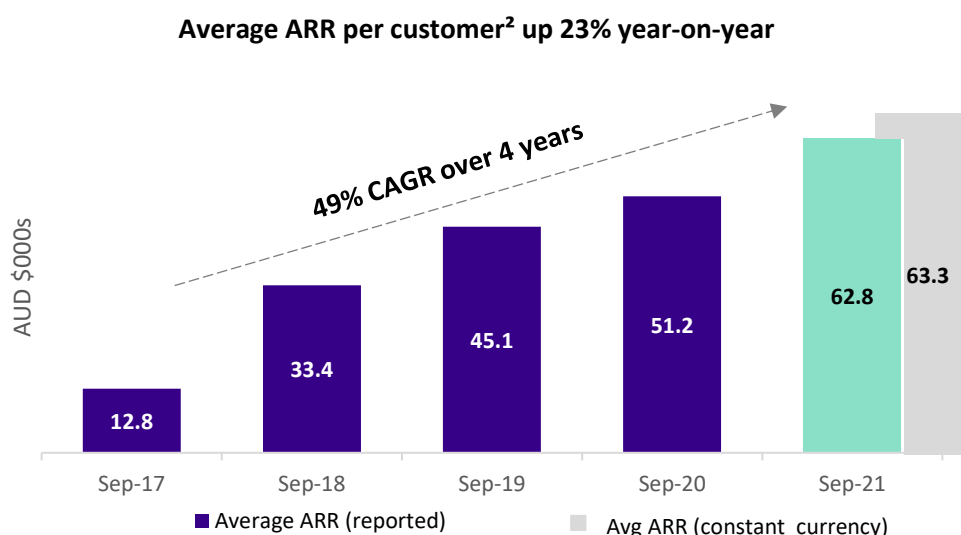
BUSINESS AND OPERATIONAL HIGHLIGHTS

Throughout the quarter the Company operationally realised the following key highlights including:

ARR AND CUSTOMER UPDATE

ARR on a reported currency basis, reached \$64.5m at 30 September 2021, up \$1.4m from 30 June 21 and a 13% growth from pcp and a 50% increase when compared with two years ago. Another quarter of promising growth achieved in what was expected to be a slower sales performance quarter for the business. On a constant currency basis² ARR was \$64.9m, growing 14% from pcp. Customer numbers at 30 September 2021 were 1,026.

The reported Average ARR per Customer at 30 September 2021 grew +23% to \$62.8k versus the pcp, as the business continues to focus its efforts on a shift to the larger Mid-market and Enterprise segment. On constant currency basis, average ARR per customer grew +23% over the pcp to \$63.3k.



Customer Highlights

In addition to the above business and operational highlights, the following key customer highlights were made during the quarter, including some of the new signings across the regions:

- A US developer, builder and investment manager
- A large Australian National Insurance Company
- UK City Council
- AN American County Education Board
- Renowned UK based architect and design firm
- An Australian state capital city council
- Global chocolatier based in Europe
- Australian state government business institute
- German Aeronautics manufacturer

Operationally, there were several key customer projects delivered in the quarter, including:

- 10,000 users across a Catholic Schools network went live the LiveTiles intranet providing capability to drive personalised content and integration capabilities with ServiceNow a core business system for the network.

² September 30 2021 ARR is shown on a constant currency basis when compared with using 30 September 2020 FX rates.

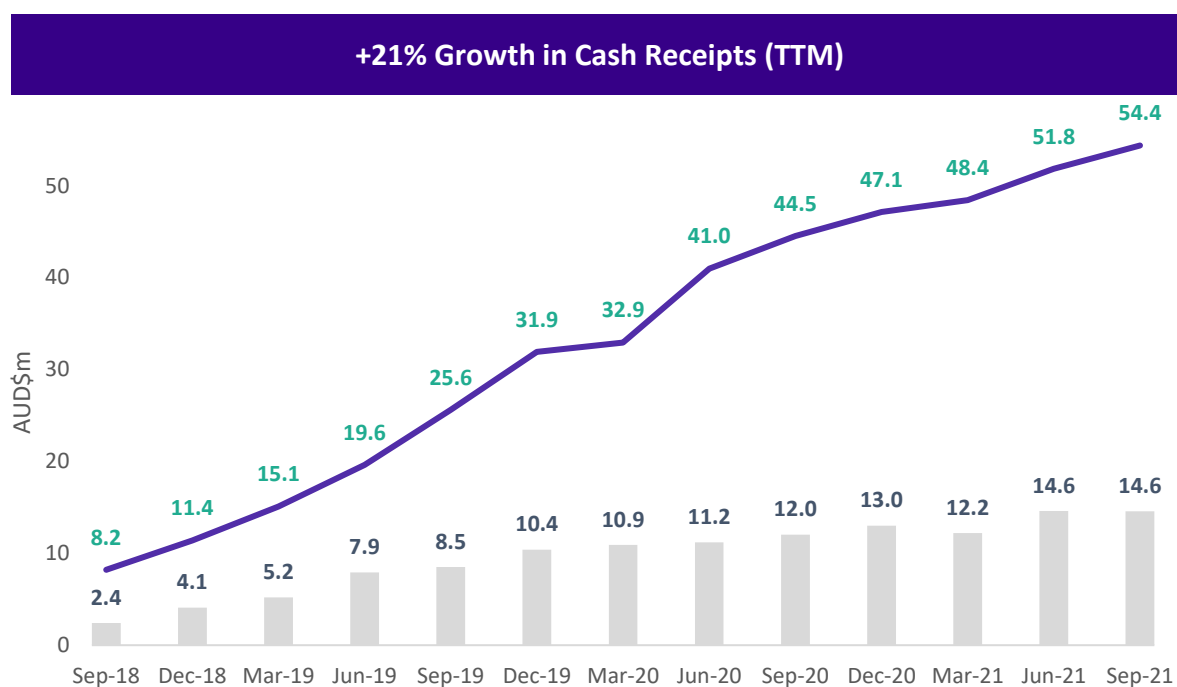
Note: The Group commenced constant currency reporting in the quarter ended 30 June 2020

- LiveTiles Reach deployment testing for three key business units within United Health Group successfully achieved across the initial use cases.
- LiveTiles Reach successfully deployed into a large Australian Hospitality business with +160 venues to service its frontline hospitality workforce using their personal email or phone number to access communications and content.

CASH UPDATE

Cash receipts

LiveTiles recorded an equal record cash receipts quarter of **\$14.6m** in Q1 FY22, a **+21% increase** on the pcp (Sep-20). **\$54.4m** Trailing-twelve-month (TTM) cash receipts growing **+22%** compared to pcp, and a **88%** 3 year CAGR¹.



Cash Balance and Cash Flows

Cash on hand balance as at 30 September 2021 was **\$20.85 million**.

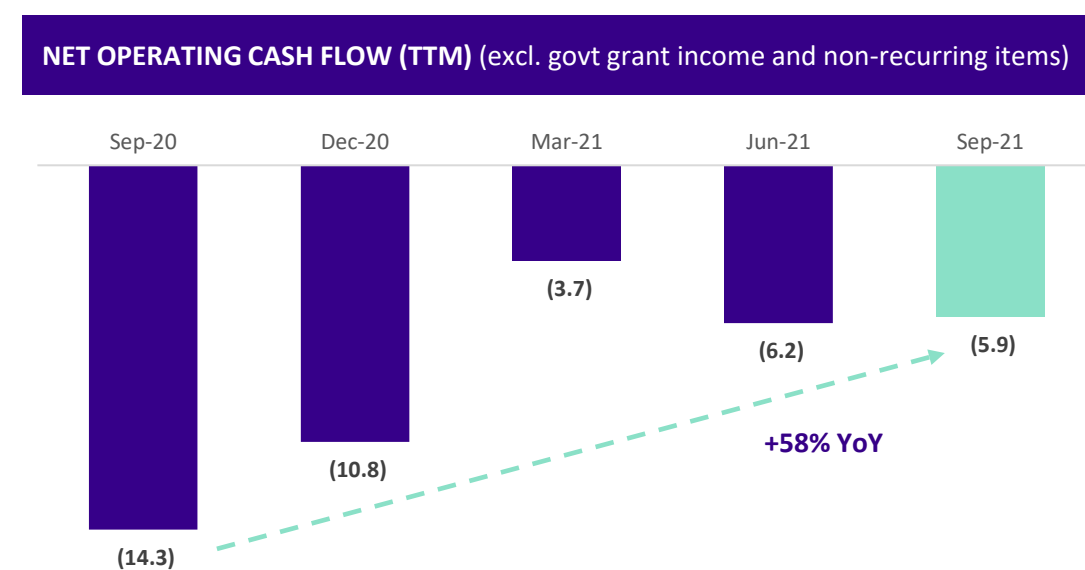
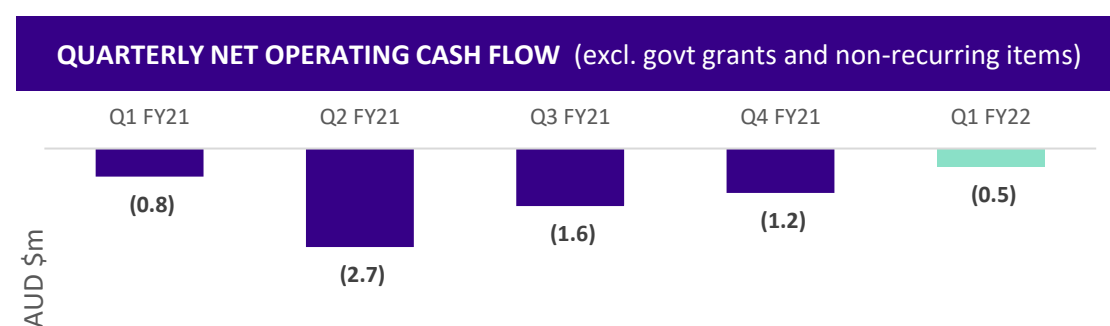
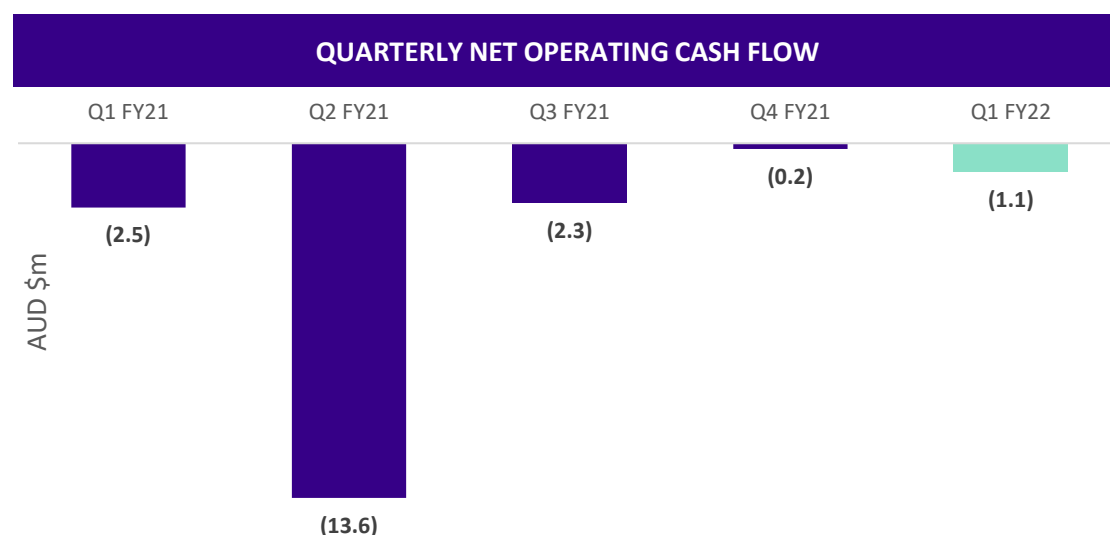
Net cash operating outflows in the quarter of \$(1.1)m, a 56% improvement in outflows compared to pcp, as the business continues to focus its efforts on driving disciplined cost management practices.

Excluding one-off \$(0.6m) redundancy costs from the June 2021 restructure, Net Operating Cashflow was \$(0.5)m for the quarter, a 58% improvement on the June-21 quarter cashflows and 33% on pcp.

On a TTM basis, Net Operating Cashflows of \$(5.9)m (excl. Govt Grants and non-recurring items) at 30 September 2021 had improved 58% compared to pcp.

Cash outflows related to business operations included: R&D (\$4.8m), Operating costs (\$2.0m), Advertising and Marketing (\$1.0m), Staff costs (\$5.8m) and Administration and Corporate costs (\$1.4m). Staff costs improved \$0.8m on prior quarter reflecting reduced headcount through the quarter.

Cash outflows for investing activities included the \$900k consideration paid for the 19.9% investment into BrainPac business. Cash outflows for financing activities included \$225k of associated one-off 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 loan to executive directors on arms-length terms.

Additional key business updates through the quarter included:

Debt Facility

As announced to market on 27th September, the Company signed a 3.5-year \$10m secured loan facility agreement with a leading Australian venture capital firm, OneVentures. At 30 September, \$6m had been received and fully drawn, with the remaining \$4m to be issued as convertible notes following shareholder approval at the 2021 AGM, November 30.

The funding secured will allow LiveTiles to focus on its strategic plan objectives to invest into further product development, new innovation and expand its R&D partnerships and identify opportunities for new strategic investments to accelerate revenue growth.

BrainPac Investment

During the quarter, LiveTiles took a 19.9% minority investment for AUD\$900k into a leading Australian based Cognitive AI development company, BrainPac. The business is developing a tool that assesses and provides rich insights into cognitive performance, mental health, psychological traits, and engagement in human behaviour, all of which are key components into improving Employee Experience in the workplace. Other notable investors in this business venture and R&D project included Monash University. LiveTiles will leverage its existing product capabilities including LiveTiles Reach, to assist in rolling out new workplace technology solutions to customers looking to improve employee mental health and well-being in the workplace, which has become one of the largest challenges to employers around retention and performance, since the pandemic started. This investment helps continue to strengthen LiveTiles' position in the EX-market.

Global Employee Experience event

On the 30th September, LiveTiles hosted a global *Lets Connect with Simon Sinek* virtual event with over 4,300 global attendees. During the world first Employee Experience event, Simon Sinek answered the burning EX questions from people across the world - including Ampol, International Red Cross, Victorinox, Siemens, Macquarie Bank and many more.

Over 20,000 visited the event website to view the EX Thought Leadership materials and the sales team now have over 500 qualified opportunities across EMEA, APAC and USA including one of the largest subscription-based streaming services, a global bank, high end fashion retailer, a renowned UK grocery chain, large government departments, Australian private health and education organisations.

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

"Having focussed on a disciplined approach to the implementation of our strategic review; it is pleasing to see a continued improvement in both underlying and top line growth.

Our ARR continues to grow every quarter and has now risen to \$64.5m, up +13% to the pcp. Our ongoing focus on disciplined cash management is continuing with a 56% improvement in operating cashflows in the quarter when compared to Sep-20; and supported by a record equalling cash receipts quarter of \$14.6m

We're pleased to report a strong cash position of \$20.9m which includes \$6m of our recent debt facility, and a further \$4m to become available next quarter after shareholder approval at our upcoming 2021 AGM – this funding provides strong foundation for FY22 and beyond as the Company works to achieve its growth ambitions.

Our global Let's Connect event featuring Simon Sinek was a resounding success with over 4,300 global attendees and 500 hundred plus qualified leads which has cemented and enhanced our position in the Employee Experience market."

CONFERENCE CALL

The Company will hold a webinar for investors at 11.00am Sydney Time, Thursday 28 October 2021.

Registration details are available at: [LVT Q1 results call registration link](#)

A recording of the conference call will be made available on the Company's website at www.livetilesglobal.com

This announcement has been authorised for release by the Board.

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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 as 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")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	14,574	14,574
1.2 Payments for		
(a) research and development	(4,808)	(4,808)
(b) product manufacturing and operating costs	(2,007)	(2,007)
(c) advertising and marketing	(994)	(994)
(d) leased assets	(13)	(13)
(e) staff costs	(5,784)	(5,784)
(f) administration and corporate costs	(1,402)	(1,402)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(74)	(74)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Non-recurring staff costs	(586)	(586)
1.9 Net cash from / (used in) operating activities	(1,094)	(1,094)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses		
(c) property, plant and equipment	(9)	(9)
(d) investments	(900)	(900)
(e) intellectual property	-	-
(f) other non-current assets	(81)	(81)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	(990)	(990)

3.	Cash flows from financing activities		
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	6,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(225)	(225)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	5,775	5,775

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,673	16,673
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,094)	(1,094)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(990)	(990)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,775	5,775

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	486	486
4.6	Cash and cash equivalents at end of period	20,850	20,850

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	20,850	16,674
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
	Cash held in trust	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20,850	16,754

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	491
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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
7.1 Loan facilities	6,000	6,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	220	-
7.4 Total financing facilities	6,220	-
7.5 Unused financing facilities available at quarter end		
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.		
7.1		
During the quarter, the Company signed a three and a half year secured loan facility with OneVentures for a total value of \$10m. At 30 September 2021, A\$6m has been made available and is fully drawn, the remaining \$4m will be granted as convertible notes and will be issued following shareholder approval at the 2021 AGM on 30 November 2021. Further details can be found in the Company's ASX announcement dated 27 September 2021.		
7.3		
In addition, the Company has received the following COVID-related funding packages: <u>USA – first draw</u> Lender: Evans Bank, N.A. (under the US Government's Pay check Protection Program) Amount: US\$158,221 (AUD \$220,546) Interest rate: 1% p.a. Maturity: 24 months from April 2020 Secured / unsecured: Unsecured Note: during the quarter the Company applied for forgiveness of the loan under the terms of the Pay check 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%.		
<u>USA – second draw</u> Lender: Evans Bank, N.A. (under the US Government's Pay check Protection Program) Amount: US\$787,500 Interest rate: 1% p.a. Maturity: 12 months from March 2021 Secured / unsecured: Unsecured Note: the Company has treated these funds as a Government grant as the loan Program contains explicit criteria for loan forgiveness.		
8. Estimated cash available for future operating activities		\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)		(1,094)
8.2 Cash and cash equivalents at quarter end (item 4.6)		20,850
8.3 Unused finance facilities available at quarter end (item 7.5)		-
8.4 Total available funding (item 8.2 + item 8.3)		20,850

8.5 **Estimated quarters of funding available (item 8.4 divided by item 8.1)** 19.1

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:

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

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:28 October 2021.....

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.