



**APPENDIX 4D
HALF-YEAR INFORMATION GIVEN TO THE ASX
UNDER LISTING RULE 4.2A.3**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

**LIVETILES LIMITED
ABN 95 066 139 991**

**6 MONTHS ENDED
31 DECEMBER 2021**

The information provided in this report should be read in conjunction with the most recent annual financial statements and ASX announcements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

LiveTiles Limited and Controlled Entities

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2021

Company details

Name of entity:	LiveTiles Limited
ABN:	95 066 139 991
Reporting period:	6 months ended 31 December 2021
Previous period:	6 months ended 31 December 2020

Results for announcement to the market

Key information	6 months ended	6 months ended	Change
	31 December 2021	31 December 2020	
	\$	\$	%
Revenue from ordinary activities	26,670,118	20,253,137	32%
Profit / (Loss) after tax from ordinary activities attributable to members	1,342,650	(21,511,291)	106%
Profit / (Loss) attributable to members	1,342,650	(21,511,291)	106%

Dividends paid and proposed

	Franked Amount per Security at 30% of Tax	
	Amount per Security (cents)	Tax (cents)
Ordinary shares:		
Dividend for the 6 months ended 31 December 2021	Nil	Nil

Explanation of key information and dividends

An explanation of the above figures is contained in the “Operating and financial review” included within the attached directors’ report.

Net tangible assets per share

	31 December 2021	31 December 2020
	Cents/Share	Cents/Share
Net tangible assets per share (net of intangible assets and pension actuarial liabilities)	(1.17)	(1.14)

LiveTiles Limited ABN 95 066 139 991
and Controlled Entities

LiveTiles Limited and Controlled Entities

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2021

Investments in associates and joint ventures

	Ownership interest		Contribution to profit/(loss)	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
<i>Associate</i>	%	%		
Bind Soluções Informáticas, Design Web e Gráfico, Lda	19.99%	0%	8,938	-
<i>LiveTiles Limited's aggregate share of associates profit/(loss)</i>				
Profit/(loss) from ordinary activities before income tax			11,314	-
Income tax on operating activities			(2,376)	-

Audit qualification or review

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

Attachments

The Interim Report of LiveTiles Limited for the 6 months ended 31 December 2021 is attached.

Signed



Karl Redenbach
Executive Director and Chief Executive Officer
24 February 2022
Melbourne



Marc Stigter
Chairman
24 February 2022
Melbourne



LiveTiles Limited

ABN 95 066 139 991

Interim Report - 31 December 2021

LiveTiles Limited ABN 95 066 139 991 and Controlled Entities

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity consisting of LiveTiles Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled (the 'Consolidated Group' or Group') at the end of, or during, the 6 months to 31 December 2021 (the 'period').

Directors

The names of directors who held office during or since the end of the period:

Dr Marc Stigter	Non-executive Chair
Karl Redenbach	Executive Director and Chief Executive Officer
Peter Nguyen-Brown	Executive Director and Chief eXperience Officer
Jesse Todd	Non-Executive Director
Fiona Le Brocq	Non-Executive Director

Principal activities

The Group's principal continuing activities during the year were being a Software as a Service (SaaS) provider, specialising in the development and sale of Employee Experience software via cloud-based platform offerings. LiveTiles is a global leader in the Employee Experience workplace software market, creating and delivering solutions that drive engaged employee communication and collaboration in the modern workplace. LiveTiles has over 1,000 customers representing a diverse range of sectors across North America, Europe and Asia Pacific.

Operating and financial review

Certain financial information in the review of the business operations below referencing Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) have been derived from the reviewed financial statements. The Annual Recurring Revenue (ARR¹), EBITDA and Underlying EBITDA positions are non-IFRS financial information used by Directors and Management to assess the underlying performance of the business and as such have not been reviewed in accordance with Australian Auditing Standards.

During the six months ended 31 December 2021, LiveTiles achieved another period of strong growth across its key business metrics of ARR, Revenues, EBITDA and Cash.

- **Operating Revenues grew +32% to \$26.7m** (H1 2021: \$20.3m).
- **A positive EBITDA result of \$4.34m, a +\$19.2m improvement** compared to H1 2021: \$(14.9)m. On an Underlying EBITDA basis, there was a +\$3.5m improvement year over year to \$1.0m (H1 2021: \$(2.5)m)
- **ARR grew +12% to \$65.2m** (31 Dec-20: \$58.1m), comprising 1,055 customers. On a constant currency basis when compared with 31 Dec 2020 FX rates, ARR grew 11% to \$64.3m
- **Cash Receipts for the period grew +18% to \$30.1m** (31 Dec-20: \$25.4m) and +67% on a 3 year Compounding Annual Growth Rate (CAGR), a reflection of strong continued revenue growth
- **Positive Operating Cashflows of +\$0.44m** for the period, a +\$13.5m improvement from the prior corresponding period \$(13.05)m. Adjusted Operating Cashflows² also improved +85% to \$(2.3)m (31 Dec-20: \$(15.9)m).
- **Cash balance at 31 December 2021 at \$17.6m** (30 June 2021: \$16.8m) with a further \$4m available via the OneVentures Debt Facility taking **total available cash to \$21.6m**.

LiveTiles recorded a profit after tax for the period of \$1.3m which is a significant improvement of +\$22.8m compared to H1-21 \$(21.5)m. Included within this position are non-cash expenses of \$2.9m (H1-21: \$4.4m) with no one-off expenses reported this period (H1-21: \$12.4m) and a +\$3.9m revaluation of the amount payable for CYCL earnout (H1-21: nil).

-
1. LiveTiles defines ARR as revenue, normalised on an annual basis, that LiveTiles has a reasonable expectation it will continue to receive from its customers for providing them with products and services. This definition includes committed recurring subscriptions for products and services and includes service types where there is a demonstrable track record of repeat revenues such as support. It excludes revenue deemed unlikely to be recurring in nature.
 2. Adjusted Net Operating Cash Flows includes cash payments for capitalised software development costs (reported in Investing Activities), lease liability payments (reported in Financing activities) and excludes government grant income, as this is an accurate reflection of the Company's operating cash positions.

LiveTiles Limited ABN 95 066 139 991
and Controlled Entities

DIRECTORS' REPORT

The table below summarises the Group's statement of profit or loss and other comprehensive income for the year, as well as the EBITDA and Underlying EBITDA positions, which are used as key management reporting metrics.

	Notes	Dec-21 (\$000s)	Dec-20 (\$000s)	Movement
Software subscription revenue		21,469	14,787	45 %
Software related services revenue		5,202	5,466	(5)%
Total operating revenue		26,670	20,253	32%
Other income		223	292	(24)%
Total Revenue		26,893	20,545	31%
Cost of revenues		(6,338)	(6,007)	(6)%
Gross Profit	(a)	20,333	14,246	43%
<i>Gross Profit Margin</i>		76.2%	70.3%	5.9 pp
Product research and development	(b)	(5,814)	(3,775)	(54)%
Sales and marketing		(8,022)	(8,443)	5 %
General and administration		(6,200)	(7,433)	17 %
Total operating expenses		(20,036)	(19,651)	(2)%
One off costs	(c)	-	(12,408)	100 %
Depreciation and amortisation		(2,022)	(3,608)	44 %
Change in fair value of CYCL earn out	(d)	3,977	-	-
Non cash expenses	(e)	(660)	(831)	21 %
Net Operating Profit / (Loss)		1,814	(21,961)	108%
EBITDA		4,339	(14,901)	129%
<i>EBITDA Margin</i>		16.3 %	(73.6)%	89.8 pp
Underlying EBITDA	(f)	1,022	(2,465)	141%
<i>Underlying EBITDA Margin</i>		3.8 %	(12.2)%	16.0 pp
Net Profit / (Loss) after tax		1,343	(21,511)	106%

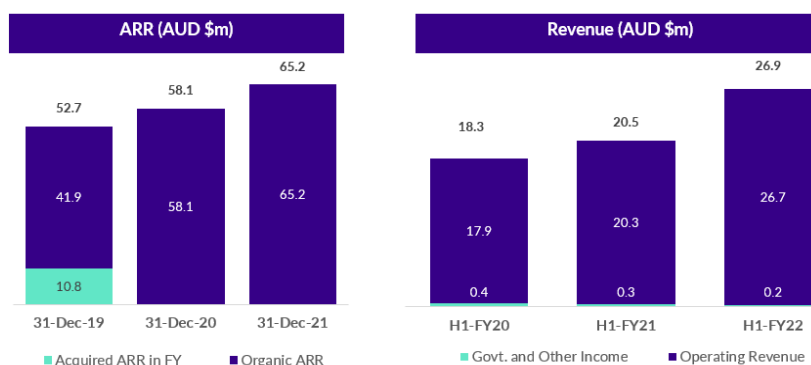
Notes

- (a) Excludes other income
- (b) Includes amortisation of capitalised software development costs. From 1 July 2021, it was determined that capitalised software development costs have a useful life of 3 years (FY21: 1year). During H1-22, \$2.4m of development costs were capitalised with \$0.2m amortised. Refer below to the Directors update on Product & Development and to note 5 of the financial statements for more details.
- (c) One-off costs included non-recurring expenses in connection to the settlement of litigation settled during the H1-21.
- (d) Refer note 10 of financial statements: this movement reflects the revaluation of the amount that could be payable to CYCL under the SPA if all conditions are met. The actual determination of the final amount payable will be determined in future reporting periods.
- (e) Other non-cash expense items include \$0.26m share based payments and \$0.39m unrealised foreign currency movements
- (f) Underlying EBITDA excludes non-cash expenses (incl. changes in fair value amounts) and one-off non-recurring items.

DIRECTORS' REPORT

H1 Financial Year 2022 Highlights

ARR and Revenues

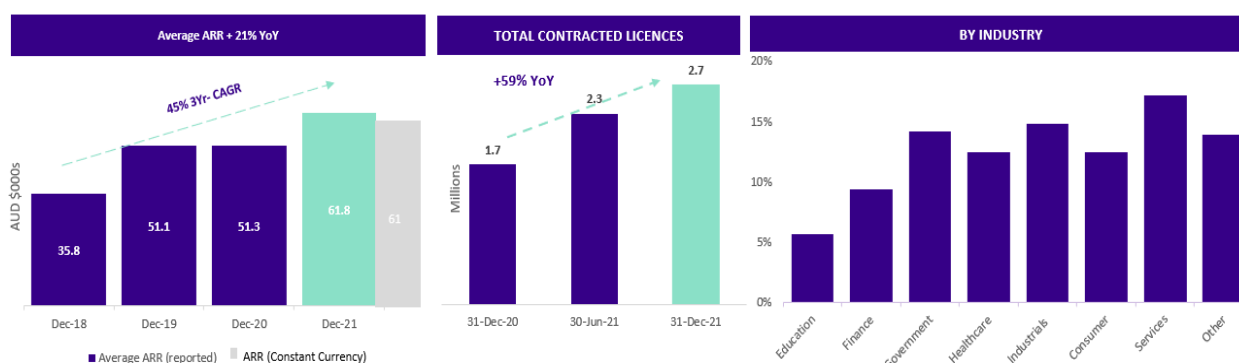


During the period, LiveTiles successfully grew its Operating Revenues (Subscription and Services related to software revenues) by +32% in H1FY22 when compared to H1FY21. The strong growth highlights the importance of the LiveTiles product offering across the Employee Experience market. The results were driven by the Company's strong subscription revenue performance at +45% compared to prior corresponding period (pcp), driven from sales in both direct and indirect channels with key partners, as well as the evolving sales motion of cross-selling LiveTiles products and upselling into existing customers. Services revenue declined 5% compared to H1FY21 with less professional service requirements with a drop in complex custom intranet deployments in the period.

ARR grew by +12% to \$65.2m (31 Dec 20: \$58.1m) comprising 1,055 paying customers with an average ARR per customer of \$61.8k. On a constant currency basis when compared with 30 December 2020 FX rates, ARR grew +11% to \$64.3m as at 31 December 2021.

ARR Net \$ Retention³ at 31 December 2021 for the trailing 12-month (TTM) period was 86% a drop from June 30 2021 TTM of 92%, with contributing factors to this being customers and partners that were provided COVID billing relief, as disclosed in FY21 accounts, not returning to active billing cycles.

Customers

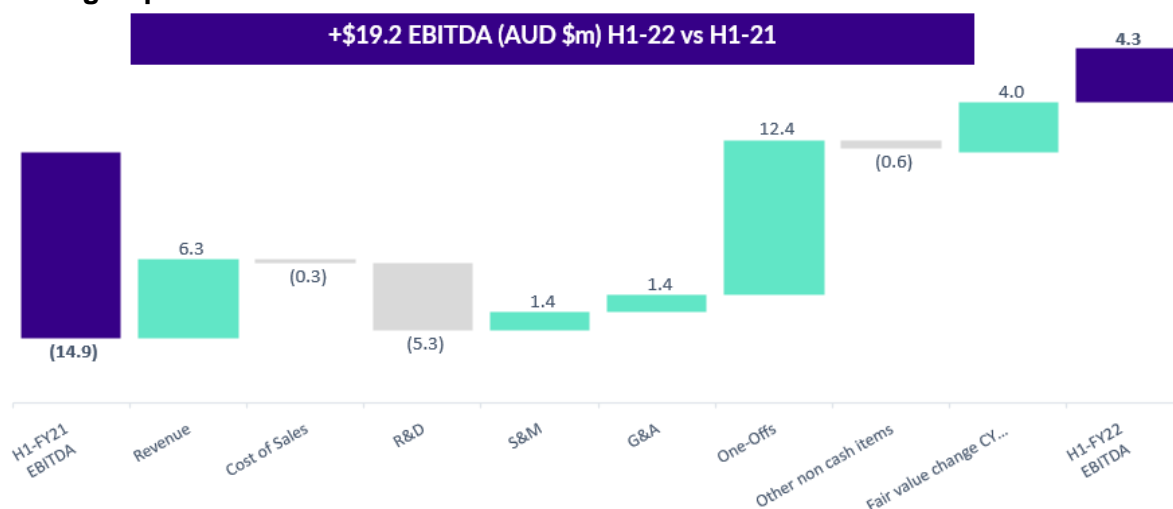


As at the end of H1 2022, LiveTiles successfully grew its contracted licences, one of the key Company strategic goals, by 59% to 2.7m compared to 31 December 20. The Company also saw its average ARR per customer grow +21% to \$61.8k (31 December 2020: \$51.2k). A result that reflects the continued strategic focus of the Company to shift towards a greater mix of its customer base to larger Mid-market and Enterprise customers with 26% of total customers now considered Enterprise. Customer numbers as at 31 December 2021 were 1,055. LiveTiles, as a leader in the Employee Experience market, continues to broaden its global base of enterprise customers, driven by the portfolio of products that addresses the needs of the corporate and front-line workforce around engagement, communication and collaboration.

³ Net Retention is ARR expansion from existing customers less any down sells or cancellations in the period / ARR at the beginning of the period. This does not include any ARR contracted to new customers or impact of FX currency movements in that period

DIRECTORS' REPORT

Operating Expenses and EBITDA Performance



Product Research and Development

AUD \$000s	H1-22	H1-21	Movement
Product research and development	(5,813.9)	(3,775.3)	(54)%
% of Total Revenue	21.6%	18.4%	3.2 pp

R&D spend for the period, including amortisation of capitalised development costs, increased as a result of the continued investments with third party R&D partners that commenced in Q4FY21 and outlined as a key initiative within the company's Strategic focuses. During the period there were also external parties involved in development effort required for customer deliverables, not previously used. With the launch of the integrated product solutions at the start of the period, being mobile and desktop, it was determined that the capitalised software development costs had a useful life of three years (2021: one year). In the 6 months to 31 December 2021, \$2.4m of software development costs were capitalised, of which \$0.17m was amortised during the period and reported in the above Product and R&D costs in the Directors income statement, refer to note 5 of the financial statements for more details.

Sales and Marketing

AUD \$000s	H1-22	H1-21	Movement
Sales and Marketing	(8,022.4)	(8,443.3)	5 %
% of Total Revenue	30.1%	41.7%	(11.6 pp)

Sales & Marketing improved by +5% with \$0.4m less costs in the half compared to H1-21, a contributing factor to this improvement driven from a reduction in the go-to-market team headcount post the Company's July 2021 restructure, offset by extra investment in Marketing initiatives and events.

General and Administration

AUD \$000s	H1-22	H1-21	Movement
General and Administration	(6,199.7)	(7,432.8)	17 %
% of Total Revenue	23.1%	36.2%	(13.1 pp)

General and administration operations improved by 17% and \$1.2m compared to H1-21. Savings were realised through a reduction in headcount from the Company's July 2021 restructure, a continued reduction in office locations and lease costs and a focused effort to consolidate variable overhead spend (e.g. IT and subscription costs).

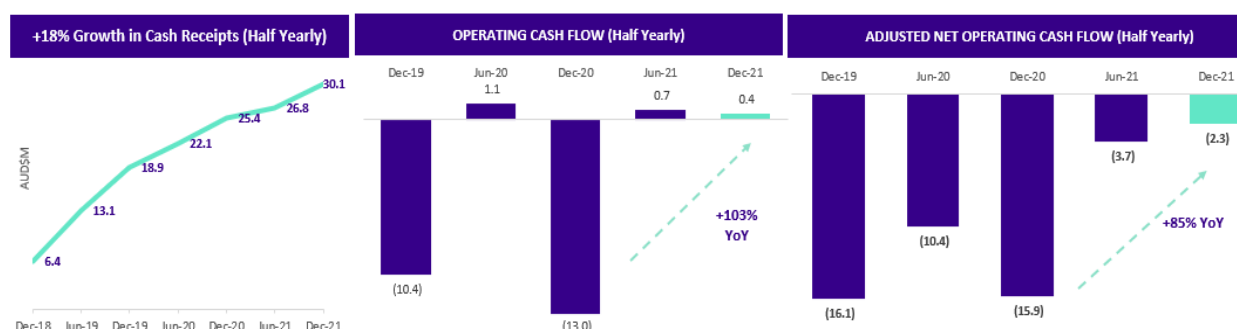
Other Items

Other material items attributable to the P&L results for H1-22, include:

- **Non-cash expense \$0.7m** items including \$0.27m expense relating to employee share plan and \$0.39m of unrealised foreign currency loss movement.
- A **\$3.97m change in fair value of CYCL earn out**, this movement represents a change in preliminary estimate of the amounts due under the purchase terms, if all earn out conditions are satisfied. The determination of whether conditions for payment were satisfied and the final calculation will be determined in future reporting periods.

DIRECTORS' REPORT

Cash Flows



Cash Receipts of \$30.1m for the Company in the H1-22 period, saw 18% increase on the prior year and a 67% 3 year Compounding Annual Growth Rate (CAGR), a reflection of strong continued revenue growth.

Cash Flows: For the six month period ending 31 December 2021, the Company saw **positive Operating Cash flows +\$0.44m**, a +\$13.5m improvement for the same period ending 31 December 2020. A positive result driven by a continuous increase in cash receipts, the ongoing focus by Management on disciplined cost management practices and reduction in one-off non-recurring costs.

The Adjusted Net Operating Cash Flows⁴ for the six month period was \$(2.3)m, a +\$13.6m and 85% improvement compared to H1-FY21 (2021: \$15.9m).

Debt Facility: The Company announced on 27 September 2021 it secured a 3.5 year, \$10m secured loan facility with OneVentures to assist with future investment strategies, deliver on new product developments and support ongoing working capital needs. Key terms included, no material financial or operational covenants, an interest rate of 9.5%, with interest-only for first 18 months and the facility structured as 60% term loan and 40% convertible notes issued to the lender for funds drawn. As at 31 December 2021, \$6m of the facility had been drawn down.

Cash and cash equivalents \$17.6m as at 31 December 2021, with a further \$4m available under the Debt Facility with **total cash available of \$21.6m**.

Key business updates during H1-FY22

Strategic EX Investments

During the period ending 31 December 2021, the Company began executing its strategic focuses aligned to its overall Company Goals to becoming a global leader in the Employee Experience (EX) market, a key component to achieving this was through innovation and scale via new channels, products and R&D partner. As such LiveTiles made the following key investments during the period.

- **BindTuning** – a strategic investment was made in December, with the Company announcing it had entered into an agreement to acquire 100% of BindTuning over a 24 month period, with an initial payment of USD\$540k (50:50 cash and LVT stock) for a 19.99% stake. LiveTiles will purchase the remaining 80.01% equity when
 - After 12 months, where Annualised Recurring Revenue reaches USD \$4,000,000; or
 - After 24 months, from the date of the initial purchase i.e 14 December 2023.

The purchase price payable will equate to 2.5x Annualised Recurring Revenue, adjusted for the initial purchase amount and the cash on hand at the date of purchase. Refer to Note 8.

BindTuning, based in Portugal, is a leading Digital Workplace software company for building technology to transform intranets into a modern and collaborative, intelligent digital workplace to improve the employee experience. This investment will help to accelerate the development of the LiveTiles Marketplace for Employee Experience solutions.

⁴ Adjusted Net Operating Cash Flows includes cash payments for capitalised software development costs (reported in Investing Activities), lease liability payments (reported in Financing activities) and excludes government grant income.

LiveTiles Limited ABN 95 066 139 991 and Controlled Entities

DIRECTORS' REPORT

- **My Net Zero** - a leading carbon reduction and climate change platform. LiveTiles signed a strategic partnership in December 2021 and took a 19.97% minority investment for AUD\$985k. The My Net Zero platform, leveraging LiveTiles Reach Technology as "Reach Zero" will provide organisations and employees across the globe a platform to help tackle Scope-4 emissions. Reach Zero provides employees an ability to build out and commit to a net-zero pledge, Capture data about the net zero plans and choices to help manage, whilst also creating 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.
- **BrainPac** - taking a 19.9% minority investment for AUD\$900k into a leading Australian based Cognitive AI development company, with other key investors in the project including Monash University. The business is developing a tool that assesses and provides rich insights into cognitive performance, mental health, psychological traits, and engagement in human behaviour.
- **Hide & Seek** - during the period, 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.

Partnerships

LiveTiles continues to have a go to market focus that includes key channel partners, in addition to the direct sales approach. The number of contracted partners grew to 330 as at 31 December 2021 (up 6% since 31 December 2020), with EMEA being the largest market for the LiveTiles' partner channel activity with 38% of all partners.

Marketing

During the period, LiveTiles hosted its largest ever customer marketing event, running a virtual global Employee Experience event with Simon Sinek and attracting over 4,300 global attendees. During the campaign, there were approx. 20,000 event website visits to view the EX Thought Leadership materials, with the global sales team accessing over 500 qualified leads 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 – many of these are now active pursuits in the current sales pipeline.

The LiveTiles branding underwent a re-launch during the period, including a redesign of the LiveTiles website, and a dedicated LiveTiles Reach website (reach.livetilesglobal.com), with free trial download offerings. Since the relaunch of the website and rebrand, website sessions driven from our key channels and campaigns increased by 74% and paid ad impressions skyrocketed to 5.5 million, when compared to this time last year; indicating audience interest in the Company's new direction and branding.

Significant events since the end of the period

No other matters or circumstances have arisen since 31 December 2021 that have 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.

Environmental regulation and performance

The Directors are not aware of any significant environmental issues affecting the Group or its compliance with relevant environmental agencies or regulatory authorities.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

DIRECTORS' REPORT

Share options

During the period, no options were exercised.

As at the reporting date, there were 32,530,001 options on issue (31 December 2020: 30,830,001) related to the Company's employee remuneration framework. Refer to note 16b of the financial statements for details on options issued during the period.

Significant changes in state of affairs

Other than as outlined in the Operating and financial review of the Directors' Report, there were no significant changes in the state of affairs of the Group during the period.

Likely developments and expected results

The Group has decided not to provide guidance in respect to 2022 financial year at this time, other than to reiterate its continued focus on disciplined cost management strategies, to continue to reduce its cash burn towards breakeven and look for opportunities to invest in further strategic growth initiatives. The Directors continue to expect the business to remain focused on execution of its Strategic Goals, whilst continuing to deliver a growing sales pipeline to achieve another strong revenue growth half, as demonstrated this period, as employers recognise a need for improved Employee Experience offering in a post pandemic work environment.

Indemnification and insurance of officers and directors

Under the Company's constitution, to the extent permitted by law and subject to the provisions of the Corporations Act 2001, the Company indemnifies every Director, executive officer and secretary of the Company against any liability incurred by that person as an officer of the Company. The Company has insured its Directors, executive officers and the Company Secretary for the 2021 financial year.

Under the Company's directors' and officers' liability insurance policy, the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirements to disclose the nature of the liability insured against and the premium amount of the policy.

Indemnification of auditors

The Company's auditor, BDO Audit Pty Ltd, has not been indemnified under any circumstance.

Significant changes in the state of affairs

There were no significant changes in the state of affairs for the 6 months to 31 December 2021.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 for the 6 months ended 31 December 2021 is set out on page 8.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Marc Stigter
Chairman
24 February 2022
Melbourne



Karl Redenbach
Executive Director and Chief Executive Officer
24 February 2022
Melbourne

DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF LIVETILES LIMITED

As lead auditor for the review of LiveTiles Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of LiveTiles Limited and the entities it controlled during the period.



Martin Coyle
Director

BDO Audit Pty Ltd

Sydney, 24 February 2022

**LiveTiles Limited ABN 95 066 139 991
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General information

The financial statements cover LiveTiles Limited as a consolidated entity consisting of LiveTiles Limited and the entities it controlled at the end of, or during, the 6 months to 31 December 2021. The financial statements are presented in Australian Dollars, which is LiveTiles' functional and presentation currency.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 31 DECEMBER 2021**

		Consolidated Group	
	Note	31 December 2021	31 December 2020
		\$	\$
Revenue	2	26,670,118	20,253,137
Other income	3	223,016	292,018
		<u>26,893,134</u>	<u>20,545,155</u>
Expenses			
Employee benefits expense		(9,844,048)	(12,450,891)
Contractor expense		(6,591,219)	(1,423,544)
Marketing expense		(2,423,118)	(1,056,277)
Travel and entertainment expense		(298,755)	(159,466)
Professional fees		(1,441,256)	(1,254,094)
Rent and other office costs		(702,403)	(905,222)
Information technology costs		(1,469,161)	(1,782,691)
Other expenses		(3,101,187)	(3,977,537)
Depreciation expense		(543,886)	(605,338)
Amortisation charge of intangibles	5	(1,649,860)	(5,442,244)
Share based payments expense	16	(264,667)	(222,722)
Litigation expenses		-	(12,408,256)
Unrealised currency gain / (loss)		(395,404)	194,867
Finance costs		(330,614)	(1,012,265)
Fair value movement in contingent consideration	11	3,976,929	-
		<u>(25,078,649)</u>	<u>(42,505,680)</u>
Profit / (Loss) before income tax		<u>1,814,485</u>	<u>(21,960,525)</u>
Income tax (expense) / benefit		(471,835)	449,234
Profit / (Loss) for the period		<u>1,342,650</u>	<u>(21,511,291)</u>
Other comprehensive income:			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations, net of tax		2,245,437	(4,085,593)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain / (loss) on remeasurement of defined benefit pension schemes	14	197,918	(534,189)
Total comprehensive income for the period		<u>3,786,005</u>	<u>(26,131,073)</u>
Earnings per share for profit / (loss) attributable to the owners of LiveTiles Ltd			
- basic earnings per share (cents)	21	0.15	(2.47)
- diluted earnings per share (cents)	21	0.15	(2.47)

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Consolidated Group	
		31 December 2021	30 June 2021
ASSETS			
CURRENT ASSETS			
		\$	\$
Cash and cash equivalents		17,585,398	16,804,924
Trade and other receivables	4	8,453,057	8,589,999
Other current assets		1,939,581	1,749,806
TOTAL CURRENT ASSETS		<u>27,978,036</u>	<u>27,144,729</u>
NON-CURRENT ASSETS			
Property, plant and equipment		808,720	828,945
Intangible assets	5	74,531,553	72,508,993
Right-of-use assets	6	2,166,485	2,504,394
Financial assets	7	2,135,000	-
Investments in associates	8	6,552,492	-
Other non-current assets		262,974	251,956
TOTAL NON-CURRENT ASSETS		<u>86,457,224</u>	<u>76,094,288</u>
TOTAL ASSETS		<u>114,435,260</u>	<u>103,239,017</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	8,750,153	7,863,233
Income tax payable		673,033	1,885,287
Employee benefits provision		2,368,729	2,924,288
Provisions for business combinations	11	6,846,022	10,822,951
Lease liabilities	12	661,646	861,978
Other current liabilities	10	14,222,504	14,274,368
TOTAL CURRENT LIABILITIES		<u>33,522,087</u>	<u>38,632,105</u>
NON-CURRENT LIABILITIES			
Employee benefits provision		167,297	161,366
Income tax payable		831,995	541,798
Deferred tax liability		1,758,750	2,079,508
Provisions for business combinations	11	5,801,917	-
Lease liabilities	12	2,227,422	2,365,036
Pension liabilities	14	5,270,510	5,085,636
Borrowings	13	5,637,630	301,851
Other non-current liabilities	10	337,825	188,157
TOTAL NON-CURRENT LIABILITIES		<u>22,033,346</u>	<u>10,723,352</u>
TOTAL LIABILITIES		<u>55,555,433</u>	<u>49,355,457</u>
NET ASSETS		<u>58,879,827</u>	<u>53,883,560</u>

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONTINUED)

EQUITY

Issued capital	15	205,989,665	205,044,070
Reserves	17	3,057,934	349,912
Accumulated losses		(150,167,772)	(151,510,422)
TOTAL EQUITY		<u>58,879,827</u>	<u>53,883,560</u>

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 31 DECEMBER 2021**

Consolidated Group	Note	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020		202,831,116	2,235,610	(121,369,472)	83,697,254
Loss after income tax for the period		-	-	(21,511,291)	(21,511,291)
Other comprehensive income for the period, net of tax		-	(4,085,593)	-	(4,085,593)
Remeasurements of the defined benefit asset (post tax)		-	(534,189)	-	(534,189)
Total comprehensive loss for the period		-	(4,619,782)	(21,511,291)	(26,131,073)
Transactions with owners, in their capacity as owners, and other transfers					
Share based payment expense	16	-	222,722	-	222,722
Total transactions with owners and other transfers		-	222,722	-	222,722
Balance at 31 December 2020		202,831,116	(2,161,450)	(142,880,763)	57,788,903
Balance at 1 July 2021		205,044,070	349,912	(151,510,422)	53,883,560
Profit after income tax for the period		-	-	1,342,650	1,342,650
Other comprehensive income for the period, net of tax		-	2,245,437	-	2,245,437
Remeasurements of the defined benefit asset (post tax)		-	197,918	-	197,918
Total comprehensive income for the period		-	2,443,355	1,342,650	3,786,005
Transactions with owners, in their capacity as owners, and other transfers					
Share based payment expense	16	-	264,667	-	264,667
Share capital issued	15	269,309	-	-	269,309
Share capital issued	15	52,155	-	-	52,155
Share capital issued	15	378,929	-	-	378,929
Compound equity instrument issued	15	245,202	-	-	245,202
Total transactions with owners and other transfers		945,595	264,667	-	1,210,262
Balance at 31 December 2021		205,989,665	3,057,934	(150,167,772)	58,879,827

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2021**

	Consolidated Group	
	31 December 2021	31 December 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	30,054,867	25,433,860
Payments to suppliers and employees (inclusive of GST)	(27,608,678)	(29,956,766)
Litigation settlement payment	-	(8,445,000)
Interest received	134	93,092
Interest paid	(423,343)	(172,271)
Income tax paid	(1,580,133)	-
Net cash provided by / (used in) operating activities	442,847	(13,047,085)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for development costs	(2,394,988)	(2,439,452)
Payments for plant and equipment	(86,493)	(51,141)
Loans to related parties	-	(252,619)
Investments in associates	(364,406)	-
Investments in financial assets	(2,135,000)	-
Net cash (used in) investing activities	(4,980,887)	(2,743,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings and issue of convertible notes	6,000,000	-
Transaction costs related to borrowings and issuance of convertible notes	(464,427)	-
Repayment of lease liability	(363,767)	(427,279)
Net cash provided by / (used in) financing activities	5,171,806	(427,279)
Net increase / (decrease) in cash and cash equivalents	633,766	(16,217,576)
Cash and cash equivalents at the beginning of the financial period	16,804,924	37,791,314
Effects of exchange rate changes on cash and cash equivalents	146,708	(2,176,163)
Cash and cash equivalents at end of period	17,585,398	19,397,575

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These interim financial statements for 6 months ended 31 December 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of LiveTiles Limited and its controlled entities (referred to as the “consolidated Group” or “Group”). As such, it does not contain information that represents relatively insignificant changes occurring during the period within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made during the following 6 months.

These interim financial statements were authorised for issue on 24 February 2022.

b. Going concern

For the period ended 31 December 2021, the Group made a profit of \$1,342,650 (2020: loss of \$21,511,291) and had net cash flows from operating activities of \$442,847 (2020: net cash flows used in operating activities of \$13,047,085). At 31 December 2021, the Group had a cash balance of \$17,585,398 (2020: \$19,397,575). Furthermore a major component of the Group’s current liabilities relate to unearned revenue and deferred share liabilities recognised within provisions for business combinations of \$17,375,462 which is not expected to be paid in cash. In addition the Group has a further \$4,000,000 undrawn loan/convertible note facility.

The Directors therefore are of the opinion that the Group will be able to continue as a going concern taking into account, net cash on hand, expected growth in customer receipts and the ongoing management of cash operating expenses.

c. Accounting Policies

The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for the year commencing 1 July 2021. There has been no material impact on the financial statements of the Group related to new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the International Financial Reporting Interpretations Committee announced during the period.

NOTE 2: REVENUE

	Consolidated Group	
	31 December 2021	31 December 2020
	\$	\$
Subscription revenue	21,468,566	14,787,234
Software related services revenue	5,201,552	5,465,903
	<hr/>	<hr/>
	26,670,118	20,253,137
	<hr/>	<hr/>

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 3: OTHER INCOME

	Consolidated Group	
	31 December 2021	31 December 2020
	\$	\$
Interest income	86,150	93,114
Other grant income	130,905	170,484
Other income	5,961	28,420
	223,016	292,018
	223,016	292,018

NOTE 4: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
Trade receivables	6,862,777	7,191,130
Accrued revenue	2,008,233	1,988,978
Provision for doubtful debts	(417,953)	(590,109)
	8,453,057	8,589,999
	8,453,057	8,589,999

Doubtful debt expense

The Group makes use of a simplified approach in accounting for the impairment of trade and other receivables as well as other current assets and records the loss allowance at the amount equal to the lifetime expected credit loss (ECL). In using this practical expedient, the Group uses its historical experience, external indicators, and forward-looking information to calculate the ECL using a provision matrix. From this calculation, it was determined that the ECL in trade and other receivables was immaterial to be disclosed separately.

During the period, the Group recognised a doubtful debt expense, including expected credit losses, of \$23,138 (2020: \$251,785). This is shown within Other Expenses of \$3,101,187 (2020: \$3,977,537) in the consolidated statement of profit or loss.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 5: INTANGIBLES

	Balance at 1 July 2021	Additions	Disposals	Foreign Exchange¹	Balance at 31 December 2021
<i>At cost:</i>					
Capitalised development costs	15,294,896	2,394,988	-	-	17,689,884
Software intellectual property	18,934,873	-	-	326,003	19,260,876
Customer contracts and relationships	8,157,663	-	-	41,448	8,199,111
Goodwill	56,931,259	-	-	979,244	57,910,504
Total at cost	99,318,691	2,394,988	-	1,346,695	103,060,374

	Balance at 1 July 2021	Amortisation charge	Disposals	Foreign Exchange¹	Balance at 31 December 2021
<i>Accumulated amortisation:</i>					
Capitalised development costs	(15,294,896)	(171,794)	-	-	(15,466,690)
Software intellectual property	(3,843,190)	(974,041)	-	(45,789)	(4,863,020)
Customer contracts and relationships	(7,671,612)	(504,025)	-	(23,474)	(8,199,111)
Total accumulated amortisation	(26,809,698)	(1,649,860)	-	(69,263)	(28,528,821)

Summary of net intangible assets

	Balance at 1 July 2021	Additions	Amortisation charge	Disposals	Foreign Exchange¹	Balance at 31 December 2021
Net intangible assets	72,508,993	2,394,988	(1,649,860)	-	1,277,432	74,531,553
Deferred tax liability	(2,823,497)	-	324,611	-	(35,487)	(2,534,373)

The estimated useful life of capitalised development costs is determined to be in line with the frequency at which our software is updated and replaced. In prior periods development costs were fully amortised in the same financial year given the iterative nature and frequency of updates in the Group's product life cycle. In line with the launch of the integrated solutions product go-to-market, mobile and desktop, the useful life of capitalised development costs during the period were assessed as 3 years.

Other intangible assets have a finite life and are amortised on a straight line basis over their useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

The useful life of software intellectual property is 10 years. The useful life of customer contracts and relationships is 2 years. Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is subject to impairment testing on an annual basis or where indicators of impairment arise. The annual impairment test was conducted at 30 June 2021. A review of indicators of impairment relating to goodwill, software IP and customer contracts and relationships was conducted at 31 December 2021, no indicators of impairment were identified.

For the 2021 and 2020 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by management covering a five-year period and a terminal value.

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 6: NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

	Balance at 1 July 2021	Additions	Depreciation	Foreign Exchange	Balance at 31 December 2021
Properties	2,478,786	-	(398,491)	83,581	2,163,876
Equipment	25,608	-	(23,100)	101	2,609
Total right-of-use asset	<u>2,504,394</u>	-	<u>(421,591)</u>	83,682	<u>2,166,485</u>

NOTE 7: NON CURRENT ASSETS – FINANCIAL ASSETS

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
Investment in BrainPac	900,000	-
Investment in My Net Zero	985,000	-
Investment in Hide and Seek	250,000	-
	<u>2,135,000</u>	-

The Directors have determined that the Group does not have significant influence over the companies designated financial assets as at 31 December 2021. The Group holds an ownership interest of less than 20% in the companies. The Directors' determination is on the basis that the Group does not participate in the financial and operating policy decisions of these entities.

A fair value assessment of these investment was performed as at 31 December 2021. It was noted that these investments were performing in line with expectations and given the short tenure since acquisition and early stage of the businesses, no change to the current carrying value was deemed necessary.

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 8: NON CURRENT ASSETS – INVESTMENT IN ASSOCIATES

LiveTiles Limited acquired a 19.99% interest in Bind Soluções Informáticas, Design Web e Gráfico, Lda (BindTuning), a digital workplace software company based in Portugal on 14 December 2021 for \$757,204, 50% cash and 50% shares. BindTuning's software helps transform intranets into collaborative, intelligent and modern digital workplaces to improve the employee experience.

LiveTiles will purchase the remaining 80.01% interest in BindTuning on the following terms:

- After 12 months, where Annualised Recurring Revenue reaches USD \$4,000,000; or
- After 24 months, from the date of the initial purchase i.e 14 December 2023.

The purchase price payable will equate to 2.5x Annualised Recurring Revenue, adjusted for the initial purchase amount and the cash on hand at the date of purchase. Refer to Note 11.

LiveTiles Limited's interest in BindTuning has been accounted for using the equity method of accounting. Information relating to BindTuning is set out below:

Name of subsidiary	Principal place of business	Ownership interest held by Group	
		31 December 2021	30 June 2021
Bind Soluções Informáticas, Design Web e Gráfico, Lda	Portugal	19.99%	-

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 8: NON CURRENT ASSETS – INVESTMENT IN ASSOCIATES (CONTINUED)

	Note	31 December 2021
Summarised statement of financial position		
Current assets		1,360,785
Non current assets		145,948
Total assets		<u>1,506,733</u>
Current liabilities		233,330
Non current liabilities		49,291
Total liabilities		<u>282,621</u>
Net assets		<u><u>1,224,112</u></u>
Summarised statement of profit or loss and other comprehensive income	Note	31 December 2021
Revenue		76,244
Expenses		(64,930)
Profit before income tax expense		<u>11,314</u>
Income tax expense		<u>(2,376)</u>
Profit after income tax expense		<u>8,938</u>
Other comprehensive income		-
Total comprehensive income		<u><u>8,938</u></u>
<i>Reconciliation of consolidated entity's carrying amount</i>	Note	31 December 2021
Acquisition of interest in BindTuning		757,204
Estimated value of deferred consideration payment	11	5,898,455
Foreign exchange movements		(103,167)
Closing carrying amount		<u><u>6,552,492</u></u>

BindTuning has no contingent liabilities as at 31 December 2021.

The Directors have determined that Group has significant influence over BindTuning as at 31 December 2021 despite holding an ownership interest of less than 20%. The Directors' determination is due to the Group's right to participate in the financial and operating policy decisions with through the appointment of a director to the board of BindTuning, further the Group is not able to exercise its right to acquire the remaining 80.01% of the share capital in BindTuning. Therefore, the investment in BindTuning has been accounted for as an associate.

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 9: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
Trade payables	7,153,714	5,160,988
Employee benefits accruals	1,120,562	2,037,605
Employee benefits accruals to related parties	54,391	132,004
Other payables and accruals	421,486	532,636
	8,750,153	7,863,233
	8,750,153	7,863,233

NOTE 10: OTHER LIABILITIES

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
CURRENT		
Unearned revenue	13,375,462	13,319,659
Unearned grant income	847,042	954,709
	14,222,504	14,274,368
	14,222,504	14,274,368
NON-CURRENT		
Unearned revenue	337,825	188,157
	337,825	188,157
	337,825	188,157

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 11: PROVISIONS FOR BUSINESS COMBINATIONS

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
CURRENT		
Provision for contingent consideration – CYCL AG	6,846,022	10,822,951
	6,846,022	10,822,951
NON-CURRENT		
Provision for contingent consideration – BindTuning	5,801,917	-
	5,801,917	-

Movements between periods relate to the movement in fair value liability of cash and shares owed to the former shareholders of CYCL AG, recognition of the fair value liability for contingent considerations owed to BindTuning and foreign exchange movements between reporting periods.

The Group measures performance based payments (earn-out payments) for acquired entities estimating the probability of the targets being met and using an appropriate discount rate to reflect payment periods. Management continually evaluates its judgements and estimates, which are based on various factors including historical experience and expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates seldom equal the related actual results. The provisions for business combinations are considered to be a key estimate.

Provision for contingent consideration – CYCL AG

The provision for contingent consideration owed to the former shareholders of CYCL AG represents the preliminary estimate of amounts payable under the Share Purchase Agreement if all payment conditions are satisfied. The determination of whether conditions for payment have been satisfied and the final calculation will be determined in future reporting periods. The change in fair value assessment of the amounts owed resulted in a \$3,976,929 benefit to the Statement of Profit & Loss during the period.

Provision for contingent consideration – BindTuning

The provision for contingent consideration owed to BindTuning represents preliminary estimates of amounts payable under the Shareholders Agreement. The amount owed will be reassessed at each reporting period and will be revalued in line with updated performance expectations. The amount stated is discounted to net present value based on payment falling due after the completion of the 24 month staged acquisition period which ends 14 December 2023. Per the terms of the contract, where performance milestones are achieved, the timing of the deferred payment may fall due after 12 months, being after 14 December 2022.

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 12: LEASE LIABILITIES

	Balance at 1 July 2021	Interest	Additions	Payments	Foreign Exchange	Balance at 31 December 2021
<i>At net present value:</i>						
Properties	3,201,040	141,095	-	(560,437)	103,447	2,885,145
Equipment	25,974	335	-	(22,449)	63	3,923
Total lease liabilities	3,227,014	141,430	-	(582,886)	103,510	2,889,068

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
CURRENT		
Properties	657,723	836,004
Equipment	3,923	25,974
	<u>661,646</u>	<u>861,978</u>
NON-CURRENT		
Properties	2,227,422	2,365,036
Equipment	-	-
	<u>2,227,422</u>	<u>2,365,036</u>

The Group leases various office space and equipment. Rental contracts are typically made for fixed periods of 2 to 5 years but may have extension options. The Group currently has no intentions to exercise any extension options and therefore have not been included in the calculation of the lease liability. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, however leased assets may not be used as security for borrowing purposes.

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 13: BORROWINGS

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
NON-CURRENT		
Government program repayable	312,099	301,851
Loans	3,339,899	-
Convertible notes	1,985,632	-
	5,637,630	301,851

Loan / convertible notes

In September 2021, the Group entered into a new facility agreement to provide funds to finance growth funds to finance strategic activities. The total available amount under the facility is \$10,000,000 of which \$6,000,000 was drawn as on 27 September 2021. The facility is interest only for the first 18 months, following each drawdown, principal is then repayable in monthly instalments over a further 24 months. The total term of each drawdown being 42 months. The interest only period for the first drawdown ends 31 March 2023, with full repayment due by 31 March 2025.

The first drawdown of \$6,000,000 is comprised of two components, a loan, of \$3,600,000 and a convertible note, of \$2,400,000. The convertible note includes a fixed for fixed conversion feature at 20 cents per ordinary share equating to 12m ordinary shares. The terms of the convertible note agreement include a cash settlement requirement which cannot be avoided, therefore the convertible note is accounted for as a compound instrument. \$245,203 was therefore designated as equity (see Note 15(e)).

The facility agreement contains an early redemption clause, which is considered to be a derivative asset. However an assessment over the value concluded that this was immaterial and therefore the balance has not been recognised.

The loan is a fixed rate, Australian dollar denominated loan which is carried at amortised cost. It therefore did not have any impact on the entity's exposure to foreign exchange and cash flow interest rate risk.

Arrangement fees of \$150,000 were paid to the lender upon signing the facility agreement. Total transaction costs, including the arrangement fees were \$464,427, which were debited proportionally to the loan and convertible note accounts.

No loan covenants exist.

Government program repayable

US government program repayable relates to amounts owed to the United States (US) Federal Government for monies loaned to the Group on a 1% annual interest loan under the US Small Business Administration (SBA) Paycheck Protection Program (PPP) (the program). Monies under this program were distributed by US commercial banks in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) enacted on 27 March 2020. Under the terms of the program, no interest has been incurred to date.

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 13: BORROWINGS (CONTINUED)

The group's undrawn borrowing facilities were as follows:

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
Loans	2,400,000	-
Convertible notes	1,600,000	-
	<hr/>	
	4,000,000	-
	<hr/>	

The undrawn amounts must be drawn no later than twelve months after the date of the first drawn down, being 27 September 2022. If amounts are not drawn by this date the undrawn facility will cease to be available. There is no obligation to drawdown the remaining balance and there are no warrants or call options attached to the undrawn portion.

The accompanying notes form part of these financial statements.

LiveTiles Limited ABN 95 066 139 991 and Controlled Entities

NOTE 14: NON-CURRENT LIABILITIES – PENSION LIABILITIES

The Group's pension liabilities relate to the defined benefit plans in Switzerland, which were acquired in December 2019 upon the completion of the acquisition of CYCL AG. As at December 2021, the fund has a funding ratio of 117.0% (June 2021: 118%). As required under Swiss law, the plans are co-funded by the Group with equal co-contributions required by the employees ranging from 4% - 10% of the employee's salary. Upon retirement, employees are entitled to either receive a lump sum payment to the value of their accumulated retirement balance; or receive an ongoing annual annuity calculated as a percentage (conversion rate) of their accumulated balance – as at 31 December 2021 this conversion rate is 6.00% (June 2021: 6.20%).

The defined benefit plans are legally separate from the Group and administered by a separate fund. The pension plans of the Group are managed by Swiss pension fund 'Profond Pension Fund', which is a collective pension fund, as is common in Switzerland. Under this structure, members own a proportionate share of the aggregated collective investments, rather than an individual share of the underlying assets, as is common in Australia. The Group's members consist 37 of the total 58,434 members as at 31 December 2021.

The board of the fund is made up of independent trustees/directors. By law, the board is required to act in the best interests of participants to the schemes and has the responsibility of setting investment, contribution, benefit levels and other relevant policies.

The plans are exposed to a number of risks, including:

- Investment risk: movement of discount rate used against the return from plan assets;
- Interest rate risk: decreases/increases in the discount rate used will increase/decrease the defined benefit obligation;
- Longevity risk: changes in the estimation of mortality rates of current and former employees; and
- Salary risk: increases in future salaries increase the gross defined benefit obligation.

As the fund is a collective fund, return on assets are distributed to participants at a rate agreed by the pension board and any surplus/(deficit) is held in reserve. The effect of this is to provide consistency of returns and to enable the fund to have sufficient reserves to fund any future payment obligations.

In the event of a funding shortfall, the pension plan regulations outline that the following provisions will be made, in sequence:

1. Make changes to the way the fund is administered, including:
 - Adjustments to the calculation of future benefit entitlements (conversion rate);
 - Adjustments to the investment strategy;
 - Adjustments to financing/benefits; and
 - Restrictions on early withdrawals of benefits.
2. If a shortfall persists, for the duration of the cover shortfall, the pension plan may levy (non-returnable) contributions from employees, employers or pensioners.

In the event that a funding shortfall does occur, separately to the pension plan regulations, the Swiss Government has established a scheme, the LOB Guarantee Fund, by which pension funds may be entitled to subsidies to enable equalisation. The fund may act to provide subsidies in the following circumstances:

- benefit schemes with an unfavourable age structure; or
- where a pension fund has become insolvent.

AASB 119 requires that the assets and obligations of the fund are valued in accordance with an actuarial valuation, using the projected unit credit method. Under this method, where the fair value of plan assets differs from the projected benefit obligation of a pension plan must be recorded on the Consolidated Balance Sheet as an asset, in the case of an overfunded plan, or as a liability, in the case of an underfunded plan.

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
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NOTE 14: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)

The gains or losses and prior service costs or credits that arise but are not recognised as components of pension cost are recorded as a component of other comprehensive income. The service costs related to defined benefits are included in operating income. The other components of net benefit cost are presented in the consolidated profit and loss separately from the service cost component and outside operating income.

The following tables summarise the components of net benefit expense recognised in profit and loss, actuarial gains and losses recognised in other comprehensive income, and funded status and amounts recognised in the consolidated statement of financial position.

	Present value of obligations	Fair value of plan assets	Balance
	\$	\$	\$
Balance at 1 July 2021	(21,735,736)	16,650,100	(5,085,636)
Current service cost	(400,282)	-	(400,282)
Interest income / (expense)	(33,972)	26,151	(7,821)
Defined benefit pension expense recognised in profit or loss	(434,254)	26,151	(408,103)
Contributions by fund participants:			
Employer	-	221,886	221,886
Plan participants	(221,886)	221,886	-
Total contributions	(221,886)	443,772	221,886
Remeasurements:			
Return on plan assets, excluding amounts included in interest income	-	184,538	184,538
Gain from change in experience	56,240	-	56,240
Loss from change in financial assumptions	-	-	-
Defined benefit pension actuarial losses/(gains) recognised in other comprehensive income	56,240	184,538	240,778
Benefits paid	444,356	(444,356)	-
Foreign exchange rate changes	(1,023,330)	783,895	(239,435)
Balance at 31 December 2021	(22,914,610)	17,644,100	(5,270,510)

The projected unit credit method, requires management make certain assumptions relating to the long-term rate of return on plan assets, discount rates used to determine the present value of future obligations and expenses, salary inflation rates, mortality rates and other assumptions. The accounting estimates related to our pension plans are highly susceptible to change from period to period based on the performance of plan assets, actuarial valuations, market conditions and contracted benefit changes.

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 14: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)

The selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation, as well as independent studies of trends performed by our actuarial advisors. However, actual results may differ substantially from the estimates that were based on the critical assumptions.

The gains or losses and prior service costs or credits that arise but are not recognised as components of pension cost are recorded as a component of other comprehensive income. The service costs related to defined benefits are included in operating income. The other components of net benefit cost are presented in the consolidated income statements separately from the service cost component and outside operating income.

The reconciliation to the fair value of plan assets and projected benefit obligation under the projected unit method are shown below.

	31 December 2021	30 June 2021
Plan assets		
Plan assets	13,052,688	12,133,930
<i>Adjustments for AASB 119</i>		
Estimation of the value of Pensions in Payment	4,591,412	4,516,170
Fair value of plan assets	17,644,100	16,650,100
Plan obligations		
Plan obligations	13,052,688	12,133,930
<i>Adjustments for AASB 119</i>		
Estimation of the obligation of Pensions in Payment	4,591,412	4,516,170
Projected unit credit method actuarial adjustment	5,270,510	5,085,636
Projected plan obligations	22,914,610	21,735,736
Net Pension Liabilities	5,270,510	5,085,636

The Group reviews annually the discount rate used to calculate the present value of pension plan liabilities. The discount rate used at each measurement date is set based on a high-quality corporate bond yield curve, derived based on bond universe information sourced from reputable third-party indexes, data providers, and rating agencies. Additionally, the expected long term rate of return on plan assets is derived for each benefit plan by considering the expected future long-term return assumption for each individual asset class. A single long-term return assumption is then derived for each plan based upon the plan's target asset allocation.

The actuarial assumption used in determining the present value of the defined benefit obligation of the pension plans include:

	31 December 2021	30 June 2021
Actuarial assumptions		
Discount Rate	0.30%	0.30%
Growth in future salaries	1.00%	1.00%
Pension increase rate	0.00%	0.00%
Longevity at retirement	19 – 22 years	20 – 22 years

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 14: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)

The following table depicts the sensitivity of estimated fiscal year 2021 pension expense to incremental changes in the discount rate and the expected long-term rate of return on assets.

Actuarial assumptions	Reasonably Possible Change	Defined benefit obligation	
		Increase	Decrease
Discount Rate	(+/- 0.50%)	20,788,695	25,383,606
Growth in future salaries	(+/- 0.50%)	23,224,981	22,620,697

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
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NOTE 15: EQUITY – ISSUED CAPITAL

Consolidated Group				
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	918,620,825	879,859,403	205,989,665	205,044,070
<hr/>				
Movements in ordinary share capital	Date	Shares No.	Issue Price \$	Total \$
Balance	30-Jun-2020	871,393,902		202,831,116
Share capital issued	(a) 26-Feb-2021	8,465,501	\$0.26	2,212,954
Balance	30-Jun-2021	879,859,403		205,044,070
Share capital issued	(b) 22-Nov-2021	2,564,847	\$0.105	269,309
Share capital issued	(c) 1-Dec-2021	508,834	\$0.1025	52,155
Share capital issued	(d) 16-Dec-2021	3,157,740	\$0.12	378,929
Compound equity instrument issued	(e) 24-Dec-2021	-	-	245,202
Balance	31-Dec-2021	886,090,824		205,989,665
Restricted shares on issue	(f)	32,530,001		-
Total issued capital		918,620,825		205,989,665

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 15: EQUITY – ISSUED CAPITAL (CONTINUED)

- (a) On 26 February 2021, LiveTiles Limited issued 8,465,501 shares to the former owners of CYCL AG as payment for CYCL satisfying the performance targets of its first earn out. The fair value of the shares issued is based on the share price of LiveTiles Limited at the acquisition date.
- (b) On 22 November 2021, LiveTiles Limited issued 2,564,847 shares at \$0.105 per share at \$nil consideration under the Employee Share Plan in lieu of cash bonuses.
- (c) On 1 December 2021, LiveTiles Limited issued 508,834 options issued under the Long Term Incentive Plan at \$0.1025 per share which were exercised at \$nil consideration in lieu of cash bonuses.
- (d) On 16 December 2021, LiveTiles Limited issued 3,157,740 shares as consideration for 19.99% of the shares in Bind Soluções Informáticas, Design Web e Gráfico, Lda. The fair value of the shares issued is based on a floor price of \$0.12 per share of LiveTiles Limited at the date of the acquisition.
- (e) On 24 December 2021, LiveTiles Limited issued 2,400,000 unlisted convertible notes to shares to 1V Venture Credit Trusco Pty Ltd under the terms of the facility agreement, refer to Note 13.
- (f) As at 31 December 2021, LiveTiles Limited had issued 32,530,001 shares under the Management Incentive Plan.
Tranches A, B and C – 26,250,000 shares were issued under the Management Incentive Plan on 25 August 2015
Tranches D, E and F - 1,200,000 shares were issued under the Management Incentive Plan on 5 April 2016
Tranches G, H and I - 300,000 shares were issued under the Management Incentive Plan on 2 June 2017
Tranches J, K and L - 600,000 shares were issued under the Management Incentive Plan on 20 November 2017
Tranches M, N and O - 800,001 shares were issued under the Management Incentive Plan on 6 May 2019
Tranches P, Q and R – 1,680,000 shares were issued under the Management Incentive Plan on 16 March 2020
Tranches S, T and U – 300,000 shares were issued under the Management Incentive Plan on 25 January 2021
Tranches V, X and W – 1,400,000 shares were issued under the Management Incentive Plan on 8 March 2021
Refer to note 16(a).
- Shares issued under the Management Incentive Plan are not included in the earnings per share calculation in note 21.

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 16: SHARE BASED PAYMENTS EXPENSE

	Consolidated Group	
	31 December 2021	31 December 2020
	\$	\$
Share based payment expense		
<i>Non-cash share based payment expense</i>		
Management Incentive Plan shares	(a) 82,004	55,023
Long Term Incentive Plan shares	(b) 182,663	167,699
	264,667	222,722
	264,667	222,722

(a) Management Incentive Plan (MIP) shares

On 25 August 2015, LiveTiles Limited issued 35,000,000 shares to the then directors of the Company via a limited recourse loan under the Management Incentive Plan. Only 26,250,000 shares remain on issue at 31 December 2021. The effect of this arrangement is equivalent to granting the directors an option to purchase the shares at \$0.15. These shares were issued in Tranches A, B and C.

On 5 April 2016, LiveTiles Limited issued 1,200,000 shares to senior employees of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employees an option to purchase the shares at \$0.285. These were issued in Tranches D, E and F.

On 2 June 2017, LiveTiles Limited issued 300,000 shares to senior employees of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employees an option to purchase the shares at \$0.245. These were issued in Tranches G, H and I.

On 20 November 2017, LiveTiles Limited issued 600,000 shares to a senior employee of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at \$0.25. These were issued in Tranches J, K and L.

On 6 May 2019, LiveTiles Limited issued 800,001 shares to a senior employee of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at \$0.57. These shares were issued in Tranches M, N and O.

On 3 March 2020, LiveTiles Limited issued 1,680,000 shares to senior employees of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at \$0.15. These shares were issued in Tranches P, Q and R.

On 25 January 2021, LiveTiles Limited issued 300,000 shares to senior employees of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at \$0.23. These shares were issued in Tranches S, T and U.

On 1 March 2021, LiveTiles Limited issued 1,400,000 shares to senior employees of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at \$0.25. These shares were issued in Tranches V, X and W.

Fair value is independently determined using a Black-Scholes option pricing model that takes into account the effective exercise price, the term of the non-recourse loans, the share price at grant date and expected price volatility of the underlying share. An adjustment has also been made to the valuation to reflect the time and price based vesting conditions. The volatility is based on the volatility in the Company's share price since the date of the reverse acquisition.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 16: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

(a) Management Incentive Plan (MIP) shares (continued)

The assumptions used to value the Management Incentive Plan shares are set out below:

Tranche	A, B and C	D, E and F	G, H and I	J, K and L	M, N and O	P, Q and R	S, T and U	V, W and X
Share price	\$0.15	\$0.25	\$0.235	\$0.27	\$0.445	\$0.15	\$0.23	\$0.25
Effective exercise price	\$0.15	\$0.285	\$0.245	\$0.25	\$0.57	\$0.15	\$0.23	\$0.25
Term of loan to fund acquisition of shares (years)	6	6	6	6	6	6	6	6
Compounded risk-free interest rate	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Volatility	75%	75%	75%	75%	75%	75%	75%	75%
Discount to reflect vesting conditions	40%	40%	40%	40%	40%	40%	40%	40%
Discounted value per share	\$0.06	\$0.10	\$0.09	\$0.11	\$0.17	\$0.06	\$0.09	\$0.10

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 16: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

	Number of shares	Date issued	Vesting date	Vesting price	Expense for 6 months ended 31 December 2021
Tranche A	15,000,000	25/8/2015	24/8/2017	\$0.25	-
Tranche B	10,000,000	25/8/2015	24/8/2018	\$0.35	-
Tranche C	10,000,000	25/8/2015	24/8/2019	\$0.45	-
Tranche D	400,000	5/4/2016	6/4/2017	\$0.285	-
Tranche E	400,000	5/4/2016	6/4/2018	\$0.285	-
Tranche F	400,000	5/4/2016	6/4/2019	\$0.285	-
Tranche G	100,000	2/6/2017	2/6/2018	\$0.245	-
Tranche H	100,000	2/6/2017	2/6/2019	\$0.245	-
Tranche I	100,000	2/6/2017	2/6/2020	\$0.245	-
Tranche J	200,000	20/11/2017	20/11/18	\$0.25	-
Tranche K	200,000	20/11/2017	20/11/19	\$0.25	-
Tranche L	200,000	20/11/2017	20/11/20	\$0.25	-
Tranche M	266,667	6/5/2019	5/5/2020	\$0.57	-
Tranche N	266,667	6/5/2019	5/5/2021	\$0.57	-
Tranche O	266,667	6/5/2019	5/5/2022	\$0.57	7,618
Tranche P	560,000	16/3/2020	16/3/2021	\$0.15	6,983
Tranche Q	560,000	16/3/2020	16/12/2021	\$0.15	9,612
Tranche R	560,000	16/3/2020	16/12/2021	\$0.15	6,121
Tranche S	100,000	15/1/2021	15/10/2021	\$0.23	3,647
Tranche T	100,000	15/1/2021	15/10/2022	\$0.23	2,684
Tranche U	100,000	15/1/2021	15/10/2023	\$0.23	1,707
Tranche V	467,000	1/3/2021	1/3/2022	\$0.25	23,812
Tranche X	467,000	1/3/2021	1/3/2023	\$0.25	11,906
Tranche W	467,000	1/3/2021	1/3/2024	\$0.25	7,914
Total					82,004

No MIP shares were exercised in the 6 months to 31 December 2021.

At 31 December 2021 there were 32,530,001 Management Incentive Plan shares outstanding.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 16: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

(b) Long Term Incentive Plan (LTIP) shares

On 16 November 2018, LiveTiles issued 4,056,200 unlisted options to employees under the Company's Long Term Incentive Plan (LTIP).

On 16 January 2019, LiveTiles Limited issued 555,000 options to certain employees under the Long-Term Incentive Plan.

On 25 November 2019, LiveTiles Limited issued 4,521,650 options to certain employees under the Long-Term Incentive Plan.

On 16 March 2020, LiveTiles Limited issued 900,000 options to certain employees under the Long-Term Incentive Plan.

On 1 March 2021, LiveTiles Limited issued 7,818,700 options to certain employees under the Long-Term Incentive Plan.

Fair value is independently determined using a Black-Scholes option pricing model that takes into account the effective exercise price, the share price at grant date and expected price volatility of the underlying share. An adjustment has also been made to the valuation to reflect the time and price based vesting conditions. The share based payment related to LTIP shares for the period ended 31 December 2021 are set out below:

Number of options	Date issued	Vesting date	Vesting price	Expense for 6 months ended 31 December 2021
200,000	16/11/2018	16/11/2019	\$0.41	-
200,000	16/11/2018	16/11/2020	\$0.41	-
940,000	16/11/2018	16/11/2020	\$0.41	-
940,000	16/11/2018	16/11/2021	\$0.41	8,180
888,000	16/11/2018	16/11/2020	\$0.59	-
888,000	16/11/2018	16/11/2021	\$0.59	6,221
185,000	16/1/2019	16/1/2020	\$0.52	-
185,000	16/1/2019	16/1/2021	\$0.52	-
185,000	16/1/2019	16/1/2022	\$0.52	-
611,325	25/11/2019	25/11/2021	\$0.43	4,686
611,325	25/11/2019	25/11/2022	\$0.43	3,887
1,468,500	25/11/2019	25/11/2021	\$0.30	13,424
1,468,500	25/11/2019	25/11/2022	\$0.30	11,131
181,000	25/11/2019	25/11/2021	\$0.30	3,636
181,000	25/11/2019	25/11/2022	\$0.30	3,016
450,000	16/3/2020	16/12/2021	\$0.15	-
450,000	16/3/2020	16/12/2022	\$0.15	-
2,605,000	1/3/2021	1/3/2023	\$0.25	59,898
2,605,000	1/3/2021	1/3/2024	\$0.25	39,895
1,304,350	1/3/2021	1/3/2023	\$0.36	17,220
1,304,350	1/3/2021	1/3/2024	\$0.36	11,469
Total				182,663

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 17: EQUITY – RESERVES

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
Share based payments reserve	3,638,834	3,374,167
Foreign currency translation reserve	(2,172,660)	(4,353,583)
Actuarial remeasurement reserve – pension liabilities	1,591,760	1,329,328
	3,057,934	349,912

Foreign currency translation reserves relate to the translation of foreign operations with functional currencies other than Australian dollars. Exchange differences arising on translation are recognised in other comprehensive income. Current period movement predominately relates to the translation of intercompany balances domiciled in the USA and denominated in AUD that are considered permanent in nature. Intercompany balances fully eliminate upon consolidation.

NOTE 18: INTEREST IN SUBSIDIARIES

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interest held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of subsidiary	Principal place of business	Ownership interest held by Group	
		31 December 2021	30 June 2021
LiveTiles Holdings Pty Ltd	Australia	100%	100%
LiveTiles APAC Pty Ltd	Australia	100%	100%
LiveTiles R and D Pty Ltd	Australia	100%	100%
LiveTiles Corporation (formerly LiveTiles LLC)	USA	100%	100%
Modun Resources Pty Ltd	Singapore	100%	100%
Hyperfish, Inc	USA	100%	100%
LiveTiles Europe A/S	Denmark	100%	100%
LiveTiles Switzerland AG	Switzerland	100%	100%

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 19: COMMITMENTS

	Consolidated Group	
	31 December 2021	30 June 2021
Capital commitments	\$	\$
Capital commitments contracted for but not recognised in the financial statements		
Payable – minimum capital commitments:		
- Not later than 12 months	62,446	63,992
- Between 12 months and 5 years	366,657	410,442
	<hr/>	<hr/>
	429,103	474,434
	<hr/> <hr/>	<hr/> <hr/>

Capital commitments represent minimum capital spend relating to ongoing government grants to be incurred by 31 December 2021.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 20: RELATED PARTY TRANSACTIONS

The Group's related parties are as follows:

Parent entity

LiveTiles Limited is the legal parent entity. For the purposes of these financial statements, the accounting parent entity is LiveTiles Holdings Pty Ltd.

Subsidiaries

Interests in subsidiaries are set out in note 18.

Key management personnel

Key management personnel are limited to those named in the Directors' report and executive personnel. Those personnel have been determined to have authority and responsibility for planning, directing and controlling the activities of the entity and includes all payments related to their services.

	Consolidated Group	
	31 December 2021	31 December 2020
	\$	\$
Payments for services to key management personnel:		
Short term employee benefits	1,213,580	1,531,127
Post-employment benefits	40,160	28,084
Share based payments	9,590	19,044
	1,263,330	1,578,255

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
<i>Receivables from and payables to related parties:</i>		
Current receivables:		
Loans to key management personnel	1,251,984	1,165,974
Current payables:		
Accrued short term benefits to key management personnel	(64,039)	(132,004)
	1,187,945	1,033,970

Terms and conditions

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

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 21: EARNINGS PER SHARE

	Consolidated Group	
	31 December 2021	31 December 2020
	\$	\$
Profit / (Loss) after income tax expense for the period	1,342,650	(21,511,291)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	880,953,450	871,393,902
	Cents	Cents
Basic profit / (loss) earnings per share	0.15	(2.47)
Diluted profit / (loss) earnings per share	0.15	(2.47)

NOTE 22: OPERATING SEGMENTS

The consolidated entity has identified three operating segments based on the internal reports that are reviewed and used by the Board of Directors & Chief Executive Officer (who is identified as the Chief Operating Decision Makers ('CODM')). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**LiveTiles Limited ABN 95 066 139 991
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NOTE 22: OPERATING SEGMENTS (CONTINUED)

The operating results of the consolidated entity are currently reviewed by the CODM and decisions are based on three operating segments which also represent the three reporting segments, as follows:

Americas	Represents the revenue and operating expenses attributable to activities conducted in United States of America, Canada, Central America & South America.
APAC	Represents the revenue and operating expenses attributable to activities conducted in Australia, New Zealand & Asia.
EMEA	Represents the revenue and operating expenses attributable to activities conducted in Europe, Middle East & Africa.

The table below shows the segment information provided to the CODM for the reportable segments for the 6 months ending 31 December 2020:

Consolidated - 31 Dec 2020	APAC	Americas	EMEA	Unallocated /Head Office	Total
Subscription revenue	4,809,367	3,560,379	11,883,391	-	20,253,137
Other revenue	87	115,274	44,463	132,194	292,018
Revenue	4,809,454	3,675,653	11,927,854	132,194	20,545,155
EBITDA	(3,387,923)	(1,527,070)	1,128,105	(11,113,790)	(14,900,678)
Depreciation & amortisation	(550,237)	(816,138)	(862,211)	(3,818,996)	(6,047,582)
Finance costs	(2,423)	(178,510)	(21,134)	(810,198)	(1,012,265)
Profit / (loss) before income tax expenses	(3,940,583)	(2,521,718)	244,760	(15,742,984)	(21,960,525)
Income tax benefit / (expense)	(77,475)	(104,626)	(28,717)	660,052	449,234
Profit / (loss) after income tax expenses	(4,018,058)	(2,626,344)	216,043	(15,082,932)	(21,511,291)
Consolidated – 31 Dec 2020	APAC	Americas	EMEA	Unallocated /Head Office	Total
<i>Assets</i>					
Segment assets	3,885,785	16,942,250	11,774,766	76,944,519	109,547,320
<i>Liabilities</i>					
Segment liabilities	(6,047,598)	(10,234,059)	(20,184,892)	(15,291,866)	(51,758,415)

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 22: OPERATING SEGMENTS (CONTINUED)

Consolidated - 31 Dec 2021	APAC	Americas	EMEA	Unallocated /Head Office	Total
Revenue	11,232,912	3,476,481	11,960,725	-	26,670,118
Other revenue	45	115,576	21,283	86,112	223,016
Revenue	11,232,957	3,592,057	11,982,008	86,112	26,893,134
EBITDA	(546,792)	(22,554)	4,993,188	(84,997)	4,338,845
Depreciation & amortisation	(28,821)	(374,064)	(233,302)	(1,557,559)	(2,193,746)
Finance costs	(6,866)	(143,456)	(32,835)	(147,457)	(330,614)
Profit / (loss) before income tax expenses	(582,479)	(540,074)	4,727,051	(1,790,013)	1,814,485
Income tax benefit / (expense)	-	167,804	(867,563)	227,924	(471,835)
Profit / (loss) after income tax expenses	(582,479)	(372,270)	3,859,488	(1,562,089)	1,342,650

Consolidated – 31 Dec 2021	APAC	Americas	EMEA	Unallocated /Head Office	Total
<i>Assets</i>					
Segment assets	6,300,170	6,024,153	17,194,814	84,916,123	114,435,260
<i>Liabilities</i>					
Segment liabilities	(6,615,424)	(8,063,362)	(12,088,275)	(28,788,372)	(55,555,433)

The CODM uses adjusted EBITDA as a measure to assess the performance of the segments. This excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as acquisition costs, legal expenses and impairments when the impairment is the result of an isolated, non-recurring event. It also excludes the effects of equity-settled share-based payments, unrealised gains/losses on financial instruments and amortisation of intangibles.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

**LiveTiles Limited ABN 95 066 139 991
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NOTE 23: CONTINGENT LIABILITIES

No contingent liabilities exist as at 31 December 2021.

NOTE 24: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2021 that have 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.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of LiveTiles Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 42, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the 6 months ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors



Karl Redenbach
Executive Director and Chief Executive Officer

24 February 2022

Melbourne

The accompanying notes form part of these financial statements.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of LiveTiles Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of LiveTiles Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, 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 the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) 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 Company 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 the 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* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company 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.



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 Group's financial position as at 31 December 2021 and its financial 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.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'Martin Coyle', written over the printed name below.

Martin Coyle
Director

Sydney, 24 February 2022