

ASX Announcement

28 April 2022

LiveTiles continues its growth whilst strengthening its Employee Experience offering**Highlights**

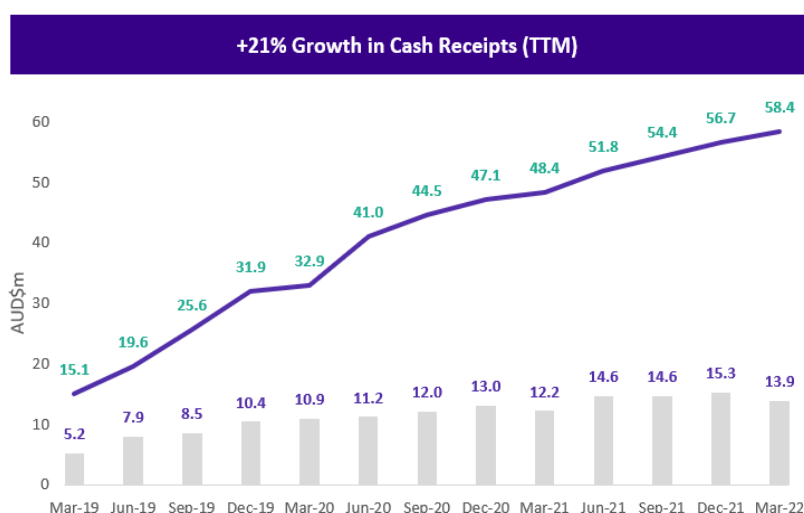
- Cash receipts of \$13.9M, 14% higher than prior corresponding period (pcp) in Q3FY21
- Net operating cashflows of \$(1.16)M improved +\$1.1m and +49% compared to pcp
- Strong cash runway with a cash position of \$15.8M at 31 March 2022 and an additional \$4M available to draw from the OneVentures debt facility, with total cash available of \$19.8M.
- \$64.1M ARR at 31 March 2022, grew 9% versus the pcp; ARR on a Constant Currency basis¹ was \$64M, up \$5.1M and 9% from March 2021.
- Trailing Twelve Month (TTM) customer Net ARR Retention of 92%
- Strategic acquisition in March 2022 of The Human Link, a leading Employee Experience (EX) company, helping accelerate the strategic goal of becoming recognised as a world leader in EX.

LiveTiles Limited (ASX:LVT) (LiveTiles or the Company), a global leader in employee experience software for employee collaboration and communications, has today released its Appendix 4C and Quarterly activities report for the three month period ended 31 March 2022 and is pleased to provide the following update on financial and operating performance.

BUSINESS AND FINANCE HIGHLIGHTS**1. CASH UPDATE****Cash Receipts**

LiveTiles Q3 FY22 cash receipts of **\$13.9M** grew +14% compared to pcp (Mar-21). With a drop to the previous quarter (Dec-21) reflecting seasonality and delays in timing of Q3FY22 customer renewals.

Trailing-twelve-month (TTM) cash receipts of **\$58.4M** has grown +21% compared to pcp.

**Cash Balance and Cash Flows**

Cash on hand balance as at 31 March 2022 was **\$15.8M**. With a further \$4M in funds still remaining available to drawdown from the OneVentures debt facility, leaving **total available cash of \$19.8M** and the Company in a strong capital position with sufficient cash runway.

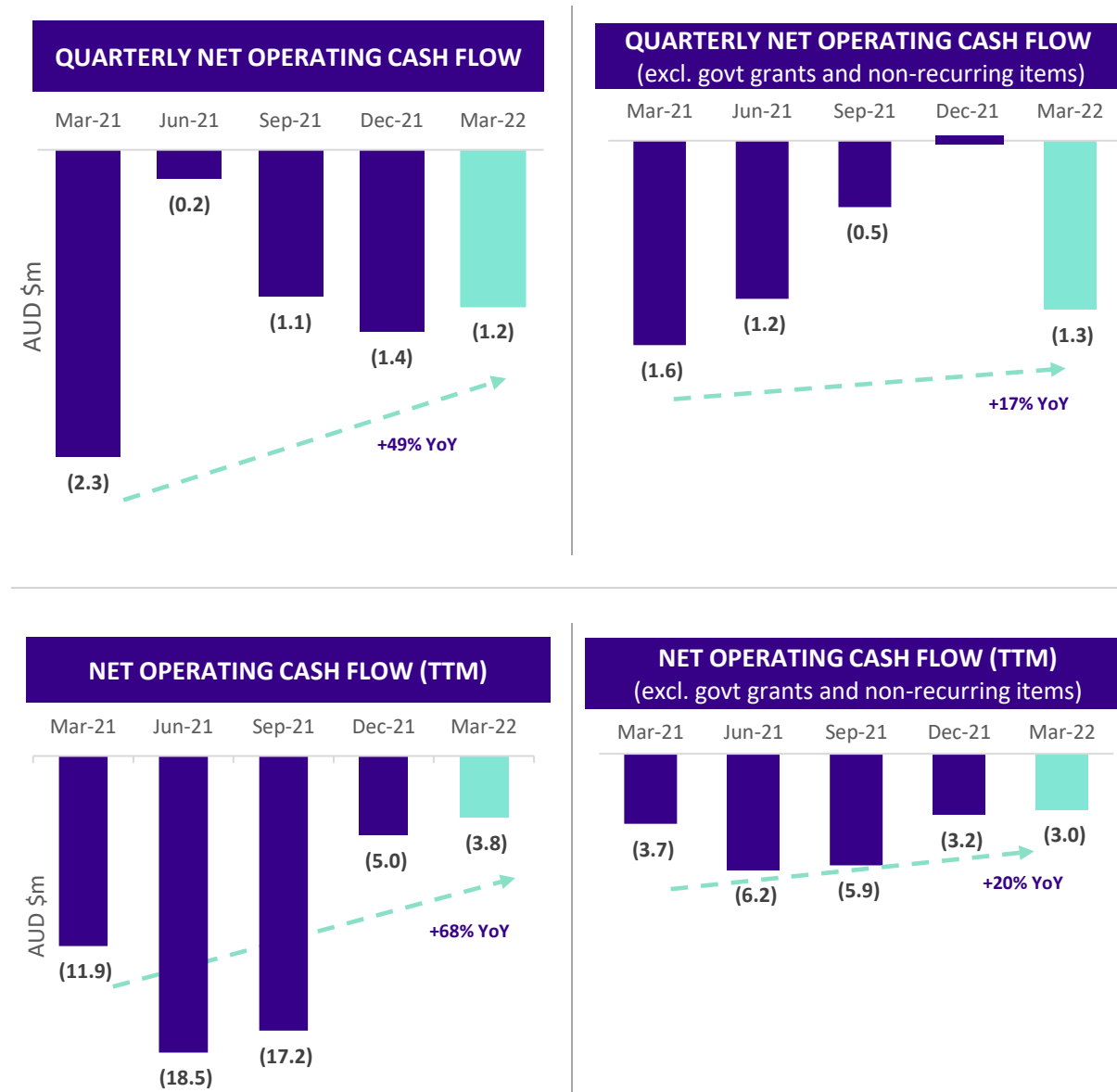
¹ 31March 2022 ARR is shown on a constant currency basis when compared with using 31 March 2021 FX rates.

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

Net cash operating outflows in the quarter of \$(1.16)M, was a +\$1.1M and +49% improvement compared to pcp and a +14% improvement on the Q2FY22 quarter. When adjusting for a \$0.12M one-off Irish government grant received in the quarter, the Underlying Net Operating cashflow was \$(1.29)M. The quarterly result primarily impacted with timing in Customer Cash receipts collections.

On a TTM basis, at 31 March 2022 Net Operating Cashflows were \$(3.8)M which was a +68% improvement compared to pcp, whilst the underlying Net Operating Cashflows (excl. Govt Grants and non-recurring items) saw a +20% improvement to \$(3.0)M.

Cash outflows related to business operations during the quarter included: R&D (\$5.3M), Operating costs (\$4M) Advertising and Marketing (\$0.6M), Staff costs (\$2.9M) and Admin and Corporate costs (\$2.3M).



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

2. SALES AND CUSTOMER UPDATE

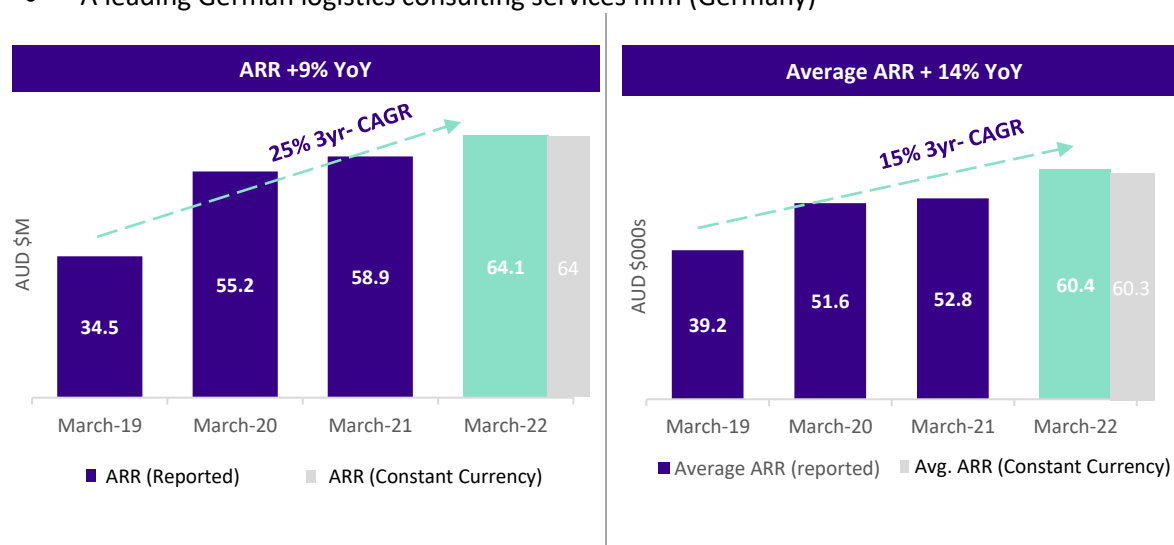
ARR on a reported currency basis was \$64.1M as at 31 March 2022, up +9% from pcp. Compared to 31 December 2021 (\$65.2m); there was a decrease in ARR due to a \$(1.5)M FX headwind in the 31 March 2022 quarter. On a constant currency basis, ARR was \$64M, representing an increase of \$5M on the pcp, 31 March 2021.

Total customer count rose to 1,061 at 31 March 2022 and customer ARR Net \$ Retention for the trailing 12month period was 92%, an improvement from 86% at 30 June 2022.

The Average ARR per Customer as at 31 March 2022 grew +14% to \$60.4k versus the pcp, as the business continues to focus efforts to shift towards the larger Mid-market and Enterprise segment. On a constant currency basis, average ARR per customer also grew +14% over the pcp to \$60.3k.

Some of the following key customer signings were made during the quarter across the regions:

- Global renewable energy supplier with 5000+ employees (UK)
- A German electricity distribution provider with 3,000+ employees (Germany)
- An Australian non-profit supporting refugee settlement (AUS)
- Swiss government body responsible for financial regulation (Switzerland)
- An American professional baseball team (US)
- A leading German logistics consulting services firm (Germany)



3. BUSINESS OPERATIONS UPDATE

Ongoing operating and cost efficiency initiatives

During the quarter, the Company undertook a series of initiatives to help streamline and improve the business operations, drive further efficiencies and scale; whilst also continuing to focus on its cost management, these included the following:

LiveTiles undertook a process to establish a product development and engineering team in the lower-cost jurisdiction of Portugal, providing an ability to scale the team as required and improve its use of overall R&D expenditure. Various R&D costs have shifted from existing European operations into setting up Portugal to help create better cost efficiencies. These changes have been implemented as a result of the strategic review conducted in 2021 and feedback from shareholders with regard to overall cost management. Longer term, this initiative will also help create further synergies with the Portugal based BindTuning investment and future integration. This initiative will see approximately an increase of up to 15 new product development roles created in Portugal.

Similar to the streamlining of the R&D team, the marketing function has also undergone structural changes to drive greater cost efficiencies, scale and increased content production. In collaboration with a key partner, an operation has been established within the Philippines to build out a core team with a strong emphasis on demand generation and digital content creation. With the improvement of in-person customer engagement and events, the time is ideal to increase demand generation with our unique message in market.

Acquisition of a leading EX business, The Human Link

On 31 March 2022, the Company announced it had signed a binding agreement acquiring 100% of issued capital in The Human Link business, a leading EX company that works with many of Australia's largest blue-chip organisations and is a leading provider of EX programs.

The investment had an upfront consideration of AUD\$0.5M in cash and 4.45M LVT shares (valued at AUD\$0.5M) and a founders' performance based earn-out incentive scheme, capped at \$3M over two years, targeting revenue and margin performance to ensure ongoing strategic alignment.

The Human Link business is a fast-growing and high-performing business, with over 60 quality customers, \$2.1M in revenues² and running a positive EBITDA and cash-flow business.

With this investment, it creates a proactive engagement model which will allow LiveTiles to accelerate its Employee Experience go to market by providing it with the skills and knowledge required to meet the EX demands of customers. The team capabilities will build deep long-lasting relationships well before the customer identifies the need to implement Employee Experience software and expose LiveTiles' product capabilities to a broader set of potential buyers and use cases.

This acquisition helps accelerate the strategic goals of LiveTiles to become recognised as the world leader in EX.

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

"The March quarter was exciting to welcome The Human Link team into the LiveTiles group, we believe this acquisition is strategically important for the Company and helps accelerate our Employee Experience offering as we strive to become recognised as the global leader in the EX-space.

During the quarter, we embarked on strategic initiatives to further improve our operations, drive greater scale and cost efficiencies across our product and marketing functions. These initiatives are very important to the continued successes of LiveTiles, to help accelerate our growth, improve our speed to market on new product and marketing content and continue to help on our path to cash-flow breakeven.

It is pleasing to see another quarter results with ongoing top line growth in both ARR and Cash receipts, when compared to prior corresponding periods, we have improved the operating cashflows by 68% over the last 12 months and importantly with \$19.8M total cash available, the Company remains in a strong capital position for continued growth.

The Company continues to be very confident in the opportunities presenting across the ever growing Employee Experience market and we remain highly focused on executing on our strategic Company goals to become a leader in the EX industry."

² For the twelve months to 28 February 2022

CONFERENCE CALL

The Company will hold a webinar for investors at 11.00am Sydney Time, Thursday 28 April 2022.

Registration details are available at: [LiveTiles Q3 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.

For further information, please contact:

Investor Relations

ir@livetilesglobal.com

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")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,936	43,816
1.2 Payments for		
(a) research and development	(5,343)	(15,221)
(b) product manufacturing and operating costs	(3,994)	(11,921)
(c) advertising and marketing	(581)	(2,706)
(d) leased assets	-	(13)
(e) staff costs	(2,934)	(10,431)
(f) administration and corporate costs	(2,272)	(4,921)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(88)	(297)
1.6 Income taxes paid	(11)	(76)
1.7 Government grants and tax incentives	123	123
1.8 Other (provide details if material)		
<i>Non-recurring staff costs</i>		(586)
<i>Catch up tax payments – 2015 to 2020</i>		(1,380)
1.9 Net cash from / (used in) operating activities	(1,164)	(3,612)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(9)
(d) investments	(119)	(2,706)
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(f) other non-current assets	(32)	(161)
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	(152)	(2,877)

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
3.6	Repayment of borrowings	(27)	(27)
3.7	Transaction costs related to loans and borrowings	(25)	(362)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(52)	5,611

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,556	16,673
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,164)	(3,612)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(152)	(2,877)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(52)	5,611

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(374)	20
4.6	Cash and cash equivalents at end of period	15,815	15,815

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	15,815	17,556
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)	15,815	17,556

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	534
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Item 6.1: Payment of compensation to executive directors and directors' fees to non-executive directors.		
Item 6.2: Loan to executive directors on arms length terms including market tested interest rate.		

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	10,000	6,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	10,000	6,000
7.5 Unused financing facilities available at quarter end		4,000
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.		
<p>7.1 On September 27, 2021 the Company announced it had signed a three and a half year secured loan facility with OneVentures for \$10m. At 31 December 2021, A\$6m has been made available and is fully drawn, the remaining \$4m remains available for 12 months until 27 September 2022. The facility has a fixed interest rate of 9.5% p.a. The facility is structured as 60% loan and 40% convertible notes. Further details can be found in the Company's ASX announcements.</p> <p>7.3 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 Paycheck Protection Program) Amount: US\$138,716 (AUD \$185,413) Interest rate: 1% p.a. Maturity: 60 months from April 2020 Secured / unsecured: Unsecured</p> <p><u>USA – second draw</u> Lender: Evans Bank, N.A. (under the US Government's Paycheck Protection Program) Amount: US\$787,500 (AUD \$1,052,604) Interest rate: 1% p.a. Maturity: 60 months from March 2021 Secured / unsecured: Unsecured</p> <p>Note: During the period the company applied forgiveness of the loan under the US Government's Paycheck Protection Program, on 6 April, the Loan was forgiven in full by the US Government Small Business Administration (SBA).</p>		
8. Estimated cash available for future operating activities	\$A'000	
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,164)	
8.2 Cash and cash equivalents at quarter end (item 4.6)	15,815	
8.3 Unused finance facilities available at quarter end (item 7.5)	4,000	
8.4 Total available funding (item 8.2 + item 8.3)	19,815	

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

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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 April 2022.....

Authorised by: 

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.