



ASX Announcement

31 October 2022

Appendix 4C and Business Update

Highlights

- Subsequent to quarter end, LiveTiles completed its Operational Review which led to identified annual savings of \$6.48M
- Signed an agreement to obtain the right to acquire the remaining 80.03% in shares My Net Zero in October
- The Company is consolidating and simplifying its go-to-market and product portfolio
- The Board continues to carefully assess the Proposal from BigTinCan along with preliminary discussions with other parties interested in LiveTiles
- Cash receipts of \$9.4M for the September quarter, cash position of \$12.6M at 30 September 2022

LiveTiles Limited (ASX:LVT) (LiveTiles or the Company), a global leader in employee experience software for employee collaboration and communications, has today released its Appendix 4C and Quarterly activities report for the three month period ended 30 September 2022 and is pleased to provide the following update.

Cash Balance and Cash Flows

Cash on hand at 30 September 2022 was **\$12.6M**. Net operating cashflows in the quarter of \$(4.3)M, was \$2.0M lower when compared to the June-FY22 quarter, with the September quarter result impacted due to the drop in customer cash receipts.

The slowdown in cash receipts is in line with expectations as outlined at the EGM held on the 5th September 2022 as the Company has undergone a thorough Operational Review to refocus its growth strategy, complete a restructuring and streamline efficiencies among its sales and account management functions. These operational changes have resulted in a delay to the collection of a number of expected Q1 cash receipts

With the Operational Review and restructure now complete, the \$6.48M of cost savings will begin to be reflected in future financial reports as the Company progresses towards breakeven and profitability.

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.



Business update

LiveTiles completed its Operational Review in October which was conducted in response to shareholder feedback and evolving market conditions. The review has resulted in the identification of annual savings of \$6.84M. The review has refocused the company's growth strategy and prioritised profitability. The Company expects to see a short to medium term impact on performance.

In October, LiveTiles signed an agreement to obtain the right to acquire the remaining 80.03% of shares, in tranches, in leading carbon and climate change platform, My Net Zero.

The acquisition of My Net Zero and its combined product offering follows rapidly growing demand from existing LiveTiles customers and provides a unique opportunity to accelerate growth and perfectly align with the changing employee engagement needs of globally leading enterprises.

As the Company heads towards the end of the calendar year with a strong focus on customer engagement, a project is underway to consolidate and simplify its go-to-market and product portfolio to help implement priorities for the start of 2023.

The Board continues to carefully assess whether the Proposal from BigTinCan (ASX:BTH) to acquire all of the outstanding shares in LiveTiles for \$0.07 per share, announced on 4 October 2022, is in the best interest of all LiveTiles shareholders. The Board is also holding preliminary discussions with other parties that expressed interest in LiveTiles.

Given the changes that have taken place and the fact that the Company is assessing the Proposal from BigTinCan alongside interest expressed by other parties, the Company will update the market at half year FY23 results with new key metrics.

This announcement has been authorised for release by the Board.

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About LiveTiles:

LiveTiles is a global leader in the employee experience software for employee collaboration and communications, creating and delivering solutions that drive digital transformation, productivity, and employee engagement in the modern workplace.

LiveTiles have operations spanning North America, Europe, Asia and Australia, and services over 1,000 customers. LiveTiles is a leading player in the Employee Experience Platform Industry and has been acknowledged as such by Forrester and Gartner.

Appendix 4C

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

Name of entity

LiveTiles Limited

ABN

95 066 139 991

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,440	9,440
1.2 Payments for		
(a) research and development	(3,501)	(3,501)
(b) product manufacturing and operating costs	(4,473)	(4,473)
(c) advertising and marketing	(551)	(551)
(d) leased assets	-	-
(e) staff costs	(3,185)	(3,185)
(f) administration and corporate costs	(1,831)	(1,831)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	51	51
1.5 Interest and other costs of finance paid	(150)	(150)
1.6 Income taxes paid	(78)	(78)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(4,278)	(4,278)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(i) property, plant and equipment	-	-
(j) investments	(210)	(210)
(k) intellectual property	-	-
(l) other non-current assets	(15)	(15)
2.2 Proceeds from disposal of:		
(m) entities	-	-
(n) businesses	-	-
(o) property, plant and equipment	-	-
(p) investments	-	-
(q) intellectual property	-	-
(r) 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	(225)	(225)

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	4,000	4,000
3.6 Repayment of borrowings	(17)	(17)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	3,983	3,983

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,141	13,141
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,278)	(4,278)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(225)	(225)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,983	3,983
4.5	Effect of movement in exchange rates on cash held	(115)	(115)
4.6	Cash and cash equivalents at end of period	12,507	12,507

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	12,507	13,141
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)	12,507	13,141

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	519
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 <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	10,000	10,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	10,000	10,000
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.6.1 On September 27, 2021 the Company announced it had signed a three and a half year secured loan facility with OneVentures for \$10m. On 27 September 2022 the Company drew the remaining \$4m available facility. Therefore at 30 September 2022, A\$10m has been made available and is fully drawn. 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.		
7.6.2 In addition, the Company has received the following COVID-related funding packages which remain repayable: <u>USA – first draw</u> Lender: Evans Bank, N.A. (under the US Government's Paycheck Protection Program) Balance: US\$116,079 (AUD \$179,234) Interest rate: 1% p.a. Maturity: 60 months from April 2020 Secured / unsecured: Unsecured		
8. Estimated cash available for future operating activities	\$A'000	
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,278)	
8.2 Cash and cash equivalents at quarter end (item 4.6)	12,507	
8.3 Unused finance facilities available at quarter end (item 7.5)	-	
8.4 Total available funding (item 8.2 + item 8.3)	12,507	
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3	
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		

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

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

N/A

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:31 October 2022.....

Authorised by:By the Board.....

(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.