

ASX Announcement

25 July 2022

LiveTiles delivers strong FY22 revenue growth**Highlights**

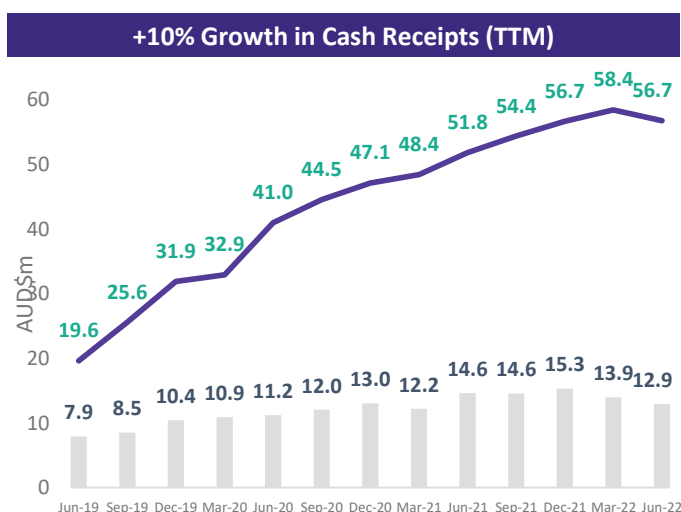
- FY22 Operating Revenues (unaudited) of \$52.8M, up 17% on FY21.
- Contracted license user base of 2.77M at 30 June 2022, up 20% from 2.32m at 30 June 2021.
- Cash receipts \$12.9M for the June quarter, delivering \$56.7M for FY22, a 10% increase on the prior corresponding period (pcp) in FY21 and net operating cashflows of \$(2.3)M for the quarter.
- Cash position of \$13.1M at 30 June 2022, with additional \$4M available to draw from the OneVentures debt facility, providing total available cash of \$17.1M.
- \$65.6M ARR at 30 June 2022, +4% versus pcp; on a Constant Currency basis¹ ARR was \$65M. Trailing Twelve Month (TTM) customer Net ARR Retention of 91% at 30 June 2022.
- Secured a key customer upsell deal with initial \$0.2M in software and \$0.9M in services over 3 years.
- Recently acquired The Human Link business, a leading Employee Experience (EX) company, has successfully integrated into LiveTiles during the quarter, expanded its operations in the US market, produced \$0.9m billings and also achieved an operating cash positive quarter.

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 June 2022 and is pleased to provide the following update on financial and operating performance.

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

LiveTiles Q4 FY22 cash receipts of \$12.9M declined -11% compared to pcp (Jun-21). With approx. \$1.7m in lower than expected customer receipts due by 30 June that were delayed and not received in time. At the date of this announcement, 60% of these Q4 expected collections have since been received.

Trailing-twelve-month (TTM) cash receipts of \$56.7M has grown +10% compared to pcp.



¹ 30 June 2022 ARR is shown on a constant currency basis when compared with using 30 June 2021 FX rates.

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

Cash Balance and Cash Flows

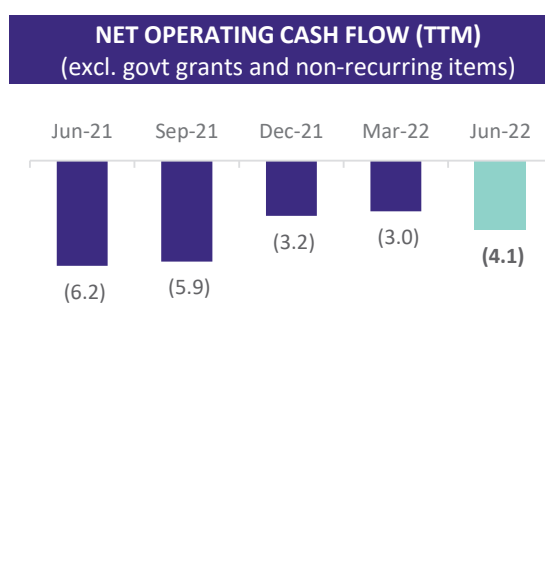
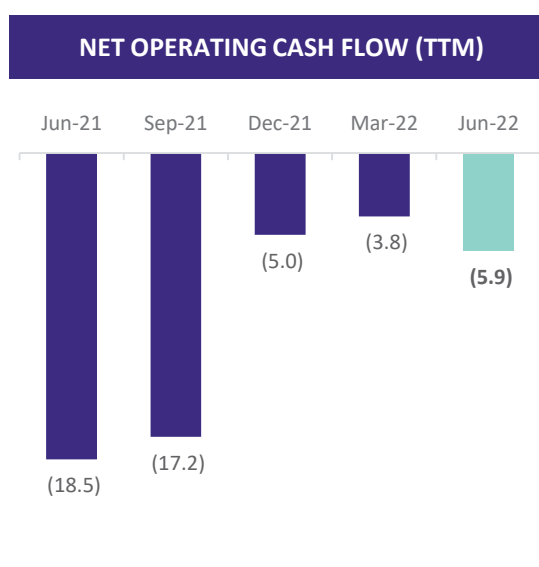
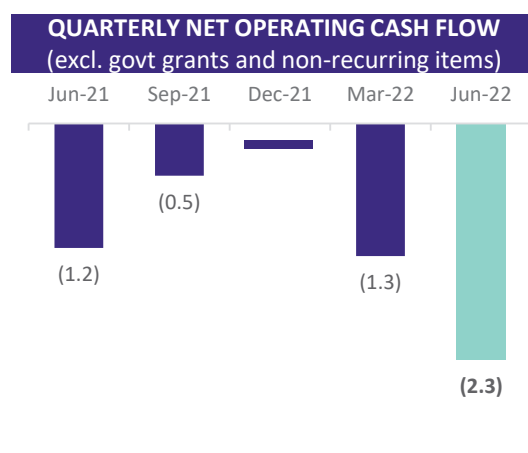
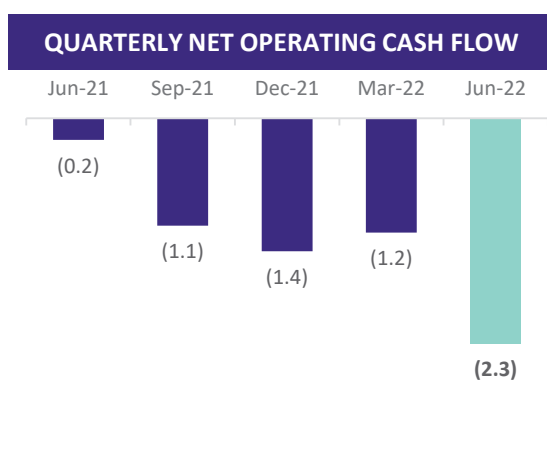
Cash on hand at 30 June 2022 was \$13.1M. With a further \$4M in funds still remaining available to drawdown from the OneVentures debt facility, leaving total available cash of \$17.1M and the Company remaining in a healthy capital position with sufficient cash runway.

Net operating cashflows in the quarter of \$(2.3)M, with the June quarter result impacted due to the delayed expected customer cash receipts. The operating cost base remained flat quarter over quarter at \$15.2M and improved by +\$0.6M when compared to pcq (June-21) operating costs.

On a TTM basis, at 30 June 2022 Net Operating Cashflows were \$(5.9)M which was a +68% improvement compared to pcq, whilst the underlying Net Operating Cashflows (excl. Govt Grants and non-recurring items) saw a +34% improvement to \$(4.0)M.

Cash outflows related to business operations during the quarter was \$15.2M, which saw a +\$0.6M improvement compared to June-21 quarter, the operating costs included the following: R&D (\$5.4M), Operating costs (\$4M) Advertising and Marketing (\$0.8M), Staff costs (\$3.4M) and Admin and Corporate costs (\$1.2M).

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

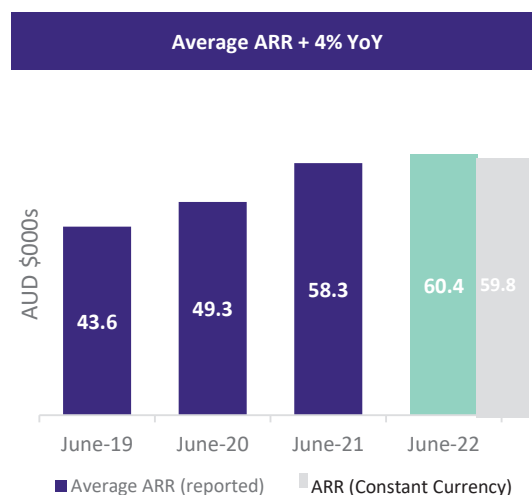
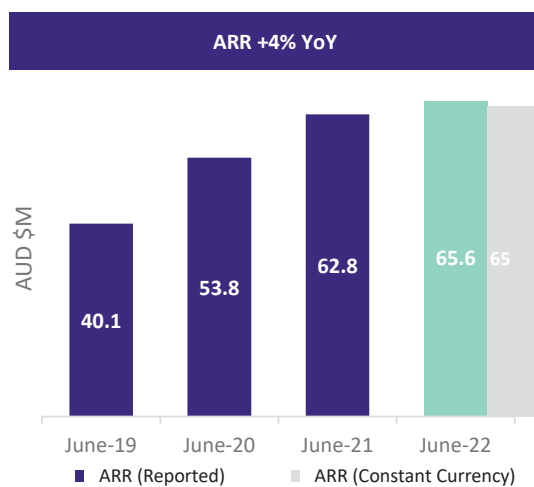
Operating revenues (unaudited) for FY22 were \$52.8m, up 17% from FY21 – a successful result, driven through strong performances in Software subscriptions. Contracted user licenses were 2.78M at 30 June 2022, up 20% from 2.32m users at 30 June 2021, with LiveTiles Reach continuing its growth, up 79% over the 12 month period. Total customer count also rose to 1,087 at 30 June 2022.

ARR on a reported currency basis was \$65.6M as at 30 June 2022, up +4% from pcp. Compared to 31 March 2022; there was a favorable +\$1.4M FX movement in the 30 June 2022 ARR result. On a constant currency basis, ARR was \$65M. Customer ARR Net \$ Retention for the trailing 12month period was 91%. The Average ARR per Customer at 30 June 2022 grew +4% to \$60.4k versus the pcp, on a constant currency basis, average ARR per customer was \$59.8k.

During the quarter, the Company secured a key customer upsell deal with an initial \$0.2M in software and \$0.9M in services over 3 years. The customer, with 6,500+ employees as an international law firm based in Europe and US has committed to LiveTiles' full Employee Experience (EX) platform and services offering. This multi-year deal with a key existing customer, helps demonstrate another example of the strength and stickiness in LiveTiles enterprise EX offering and capabilities.

In addition to the above key customer deal, some of the other following key customer signings were made during the quarter across the regions:

- Australian based, Hospitality group across Asia Pacific with 12,500+ employees (Australia)
- A US, NASDAQ listed, Biotechnology company (US)
- British based, digital services training provider (UK)
- An industrial services group covering the minerals and mining, oil and gas sectors (Australia)
- Management Consulting Services Firm (US)
- US NASDAQ based Pharmaceutical Company (US)



3. BUSINESS OPERATIONS UPDATE

The Employee Experience (EX) Academy launch

LiveTiles officially launched the EX Academy (<https://theexacademy.com/>), providing access to events with EX experts, on-demand virtual learning and insights from academic research and industry case studies, live thought leadership workshops, secret events, focus groups and exclusive events for members. The EX Academy is an integral part of LiveTiles becoming recognised as the world leader in EX, whilst also providing a new lead-generation engine for the Company. The initial launch event was hosted by The Human Link founders Kelly Michael and Stephen McDonald with special guest Dr. Scott Sonenshein, focusing on “work will never be the same”. The event targeted key decision makers in large enterprises across EMEA, USA and APAC, with a high-quality turn out of over 350 executives.

Successful integration of The Human Link

As announced to market on 31 March 2022, the Company acquired The Human Link business, a leading EX company. The integration of this acquisition was completed successfully during the quarter with the operations, employee teams and the EX programs now embedded within the wider LiveTiles global business and its go-to-market offerings.

Operationally during the quarter, The Human Link team successfully expanded its team and operations into the lucrative US market. Delivered \$0.9M in customer billings, a positive operating cashflow quarter and 89 EX programs, up from a quarterly average of 65, which were delivered to a variety of marquee customers during the period, including BHP, PWC, Microsoft and many Australian public sector agencies.

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

“The June quarter marks one of strong operational achievements with the completion of integration of The Human Link and the formal launch of our Employee Experience Academy. These milestones represent a great opportunity for us to further expand our global footprint and lay the foundations for continued commercial growth through expanded distribution of our proprietary products globally.

The ongoing development of our products and EX program capabilities alongside acquisitional add-ons are demonstrating to be successful as we are now delivering over 90%+ customer retention rate and over \$64 million in annual contracted revenue and in FY22 we achieved \$52.8 million in operating revenues, up 17% on FY21 which is a testament to the strength of our offering.

We remain confident LiveTiles is well positioned to consolidate its place as a leader in the Employee Experience market and continue to deliver growth through the next 12 months.”

CONFERENCE CALL

The Company will hold a webinar for investors at 11.00am Sydney Time, Monday 25 July 2022.

Registration details are available at: [LiveTiles Q4 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 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 June 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	12,930	56,746
1.2 Payments for		
research and development	(5,421)	(20,642)
product manufacturing and operating costs	(3,951)	(15,872)
advertising and marketing	(799)	(3,506)
leased assets	-	(13)
staff costs	(3,422)	(13,853)
administration and corporate costs	(1,200)	(6,121)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(147)	(445)
1.6 Income taxes paid	(243)	(319)
1.7 Government grants and tax incentives		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	(2,254)	(5,866)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
entities	-	-
businesses	-	-
property, plant and equipment	-	(9)
investments	(628)	(3,334)
intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	other non-current assets	(53)	(214)
2.2	Proceeds from disposal of:		
	entities	-	-
	businesses	-	-
	property, plant and equipment	-	-
	investments	-	-
	intellectual property	-	-
	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	(681)	(3,557)

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	(16)	(43)
3.7	Transaction costs related to loans and borrowings	(62)	(424)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(78)	5,533

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,815	16,673
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,254)	(5,866)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(681)	(3,557)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(78)	5,533

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	339	359
4.6	Cash and cash equivalents at end of period	13,141	13,141

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	13,141	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)	13,141	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	525
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	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.				
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 30 June 2022, 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. 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				
8. Estimated cash available for future operating activities	\$A'000			
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,254)			
8.2 Cash and cash equivalents at quarter end (item 4.6)	13,141			
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)	17,141			
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	8			
<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? <div style="border: 1px solid black; padding: 5px; width: fit-content;"> Answer: N/A </div>				

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:25 July 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.