

Q3 FY22 Quarterly Activities Report

ASX Release

29th April 2022

Record Q3 growth and marquee enterprise signing

Q3 FY22 Highlights

\$1.22m

Q3 Contracted ARR and Implementation Revenue

1.9x

YoY Record Q3 Contracted Growth

\$1.4m

Record Q3 Customer Cash Receipts

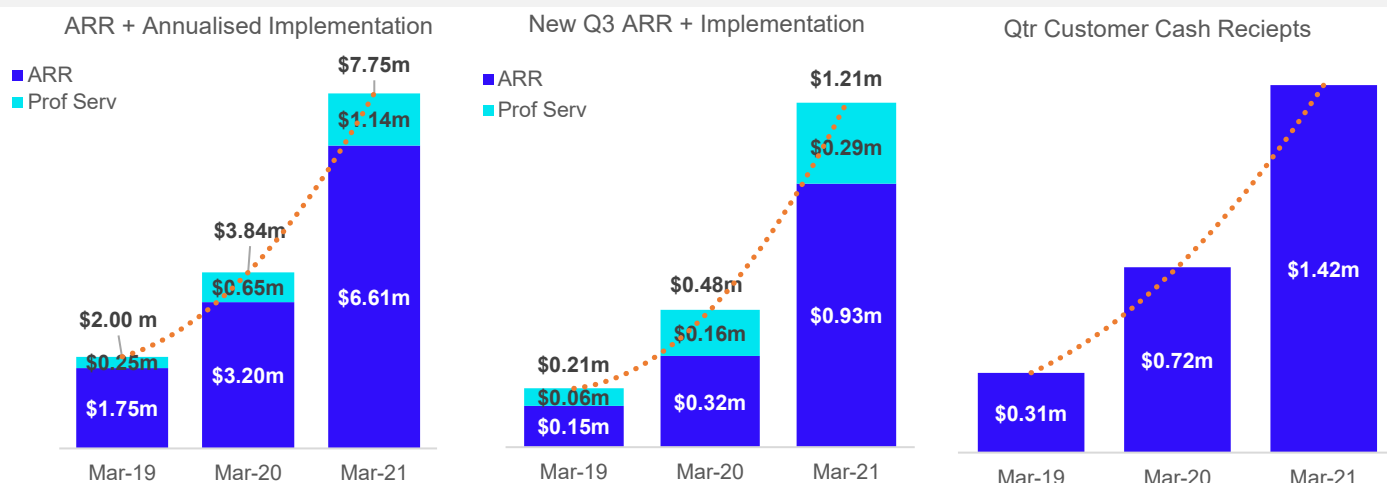
\$7.8m

Current Cash Reserves

intelliHR Limited (ASX: IHR) has delivered its strongest ever Q3, with newly contracted quarterly revenue increasing 189% YoY, comprising \$0.93m in Annual Recurring Revenue (ARR) and \$0.29m in professional services fee income. Subscription ARR increased by 17% QoQ and 109% YoY. As at 31 March, total contracted ARR was \$6.61m, with 64,429 contracted headcount across 304 customers on the platform.

Q3 included the marquee enterprise signing of Mitre 10 New Zealand, with intelliHR supporting the retailer's 7,750 team members through a fully integrated HR solution. intelliHR's target mid market enterprise customer pipeline remains strong.

Customer cash receipts for Q3 were \$1.42m, up 15% QoQ + 98% YoY.



Channel Performance

The Company's partner ecosystem which includes leading software and services company, Cintra, continues to contribute to healthy customer growth, accounting for over 90% of Q3 conversions. Ahead of the Q4 official launch of the Cintra integration it is encouraging that the Cintra channel has secured a further three customer wins - Newable, Southbank Centre, and Loreto College. Completion of "Phase One" of the ecosystem integration in April 2022 is expected to lead to a significant ramp-up in deal volume.

Matt Donovan intelliHR Executive Chair said "intelliHR's growing best of breed partner ecosystem continues to underpin our success. Through an organisational restructure during Q4 we are taking steps to better support these valuable integration and reseller partnerships, positioning intelliHR to leverage the revenue conversion efficiency that relationships such as Cintra, ADP and others offer."

Financial Performance

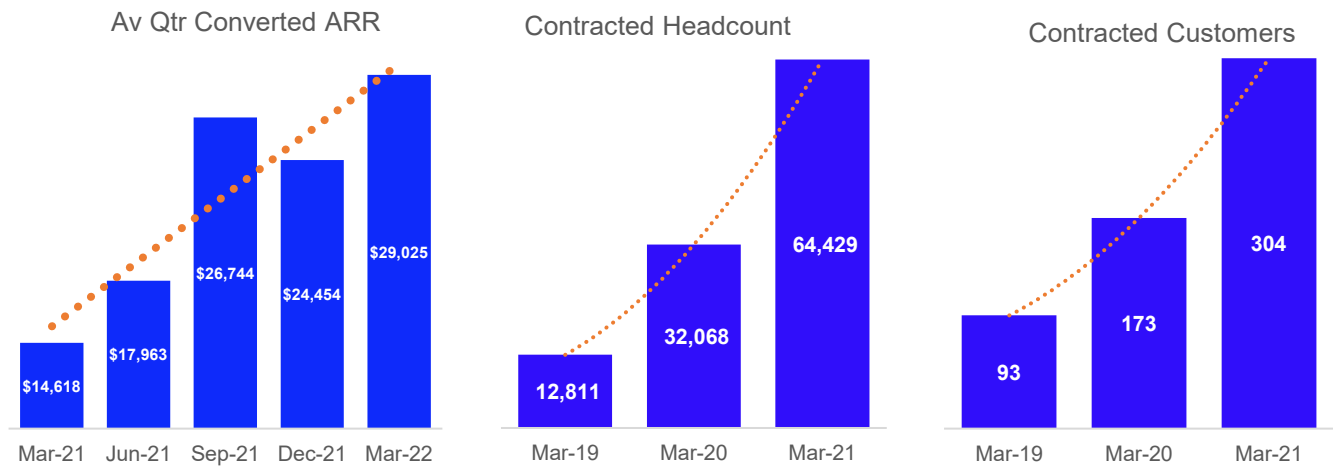
Newly contracted ARR increased by \$0.93m during the quarter, a 189% increase YoY. Total contracted ARR increased to \$6.61m, representing a 107% YoY increase. Total annualised contracted revenue (comprising subscription ARR and annualised Q3 professional services fees) reached \$7.75m.

The Company's 12-month Annual Net Retained Revenue Growth is 114%, with customer departures remaining less than 1% of ARR in the last 12 months.

"Mitre 10 NZ is a very meaningful win for intelliHR, our 300th customer. They are a fantastic business and household name, with a talented and hardworking workforce. It underlines the momentum that Rob Bromage and team have been generating around our home region, not only around the world".

– Matthew Donovan intelliHR Executive Chair

Financial Performance (Cont)



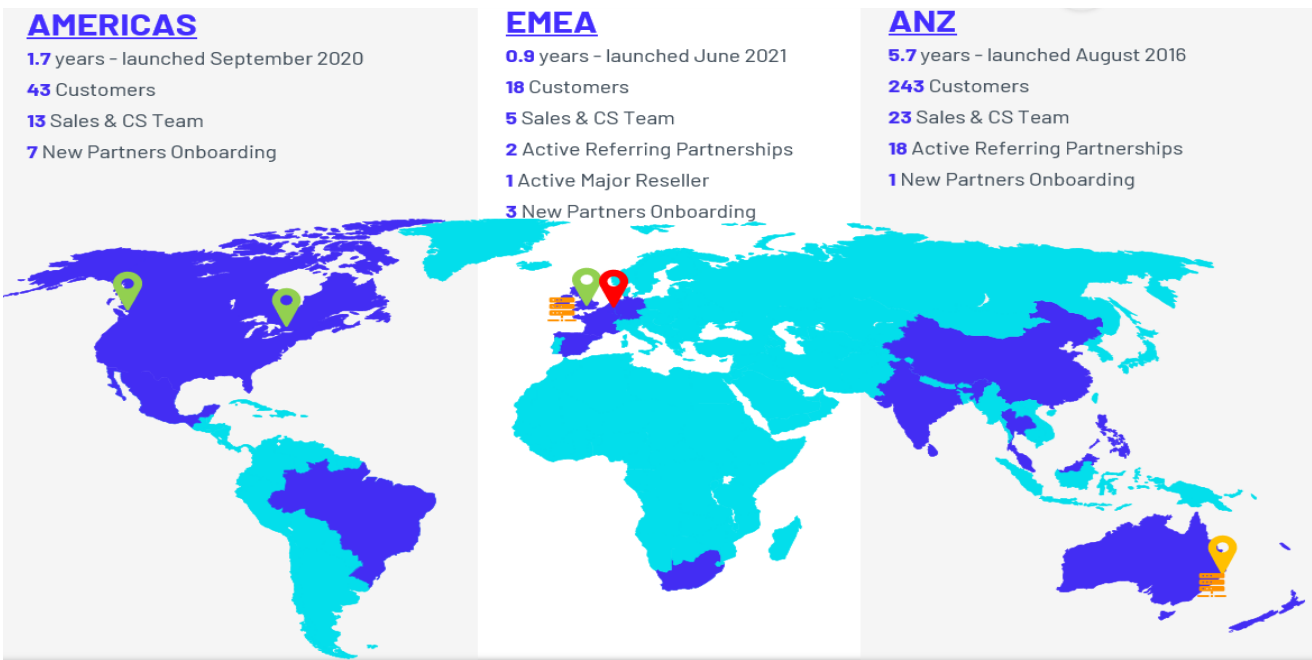
Marquee Conversions Reinforce Ideal Customer Market Fit

intelliHR maintains a strong enterprise pipeline, with the Q4 organizational restructure focused on right-sizing target customer leads to the mid-market tier of 500-2000 headcount reinforcing this ideal market fit, and successfully progressing deals with the support of its ecosystem partners. The average size of new customer conversions has continued to consistently expand over FY22 with average new contracted customer ARR in Q3 reaching \$29,024, up 99% YoY. Total average contracted customer ARR has increased 18% YoY to \$21,823.

Underlining the strength of the Company’s ANZ performance is its new enterprise customer conversion: a 6-year (3+3 years) agreement with Mitre 10 New Zealand supporting 7,750 team members across 84 Mitre 10 and 43 Hammer Hardware stores. intelliHR delivers a fully integrated ecosystem encompassing the organization’s core HR function and source of people analytics, including solutions for onboarding, qualification, training, skills, and performance, with annual upfront billing scheduled to start in July 2022.

Reorganising For Growth and Scale

Mr Donovan announced an internal strategic reorganisation on April 21. It aims to build on the strong growth momentum of the business, accelerate towards the next revenue goal of \$10m ARR, and strengthen the cash position of the business. This will see intelliHR's senior leadership team invest more effort into ANZ market growth, further scale the intelliHR Partners ecosystem, and build out its lead generation engine. "With extremely low churn, high customer satisfaction, and focusing our Founder Rob Bromage onto accelerated product innovation and key strategic partnerships, I feel confident in the ongoing marketability and growth for the intelli platform. Now we are making some key changes to align our resources on bets that will accelerate our growth in our global markets, but particularly here in ANZ", said Mr Donovan



Investing in the Growth of a Global SaaS Business

Net cash used in operations for the quarter totalled \$2.9m. Cash reserves as at 31 March were \$7.8m.

Cashflow going forward is expected to benefit from -

- Reduction in ARR WIP. The value of WIP (i.e the delta between contracted and invoiced subscribers) has expanded over Q3 with large and enterprise customers experiencing some delayed and phased implementations. Over the next 90 days, intelliHR expects to convert \$1.15m of WIP ARR into invoiceable revenue.
- Q4 organizational restructure cost savings. The internal strategic reorganization is expected to generate quarterly cashflow savings of over \$0.5m.
- Receipt of delayed Austrade export market development grant is now confirmed to be received in Q4.

Additional Information

Contracted Customer Details as at 31st of March 2021

	1H20	2H20	1H21	2H21	1H22	2H22 (to Date)
Customer Numbers	84	109	149	208	280	304
Net Growth	26	25	40	59	72	24
Contracted Subscribers	11,800	14,531	29,170	37,496	52,138	64,229
Net Growth	2,349	2,731	14,639	8,326	14,642	12,291
Subscribers Invoiced	8,743	9,726	22,271	32,219	40,734	46,276
Growth	3,501	983	12,545	19,674	8,515	5,542
Subscribers to be Invoiced *	3,057	4,805	6,899	5,277	11,404	18,153
Change	-1,152	1,748	2,094	-1,622	6,127	12,026

* Predominantly new business to be Implemented. Also includes some existing customers' team members currently stood down

Payments to Related Parties

A total of \$158,657 was paid to Directors and their associates for salaries, Director fees and superannuation during the quarter ended 31 March 2022. During the quarter, the Group paid \$41,250 for services on normal commercial terms and conditions, from a Company of which Ilona Charles is a Director and shareholder.

Further Information

Paul Trappett
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intelliHR intelliHR is an Australian HR technology business that has developed a next-generation cloud-based people management and data analytics platform.

Our strategic HR SaaS product helps our customers:

- Create a culture based on employee engagement
- Enable performance through empowering employees
- Give leaders real-time insights and visibility over their people

Our aim is to become an essential core platform for every business to manage their talent providing the necessary tools to align, manage and enable a 'people and culture strategy' within a company's broader business strategy.

For more information visit www.intellihr.com

Appendix 4C

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

Name of entity

intelliHR Limited

ABN

38 600 548 516

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	1,423	3,794
1.2 Payments for		
(a) research and development	(1,070)	(2,914)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(695)	(1,538)
(d) leased assets	-	-
(e) staff costs	(2,137)	(5,591)
(f) administration and corporate costs	(431)	(1,620)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	19
1.5 Interest and other costs of finance paid	(18)	(58)
1.6 Income taxes paid	(2)	(14)
1.7 Government grants and tax incentives	-	801
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,930)	(7,121)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(16)	(46)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(16)	(46)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	82	11,982
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	(82)	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(637)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(115)	(457)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	96	14
3.10	Net cash from / (used in) financing activities	(19)	10,902

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,801	4,102
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,930)	(7,121)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(46)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(19)	10,902
4.5	Effect of movement in exchange rates on cash held	1	-
4.6	Cash and cash equivalents at end of period	7,837	7,837

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	7,837	10,801
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,837	10,801

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	200
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,930)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,837
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	7,837
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.7
<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	
<i>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.</i>		

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: 29 April 2022

Authorised by: Chairman of the Board of Directors
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(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.