



**PRELIMINARY APPENDIX 4E  
UNAUDITED RESULTS FOR ANNOUNCEMENT TO MARKET  
UNDER LISTING RULE 4.3A**

**LIVETILES LIMITED  
ABN 95 066 139 991**

**FINANCIAL YEAR ENDED  
30 JUNE 2022**

For personal use only

# LiveTiles Limited ABN 95 066 139 991 and Controlled Entities

## Unaudited preliminary financial report for the year ended 30 June 2022

### APPENDIX 4E – UNAUDITED PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

#### Results for Announcement to the Market

Key Information	2022 \$	2021 \$	% Change
Revenue from ordinary activities	52,829,539	44,976,600	+ 17%
Net loss after tax from ordinary activities attributable to members	(818,407)	(30,140,950)	+ 97%
Net loss attributable to members	(818,407)	(30,140,950)	+ 97%

#### Dividends Paid and Proposed

No dividend was paid or proposed during the financial year ended 30 June 2022 (2021: \$nil).

#### Dividend Reinvestment Plan

There was no dividend reinvestment plan in operation during the financial year.

#### Commentary on the Results for the Year

Refer to the commentary on the results for the year included on pages 2-10 of this report.

#### Net Tangible Assets per Share

	2022 cents/share	2021 cents/share
Net tangible assets per share (including right-of-use assets, excluding pension actuarial liabilities)	(1.62)	(1.55)

#### Control Gained or Lost over Entities in the Year

On 7 April 2022, LiveTiles completed its acquisition of Human Link Consulting Pty Ltd, Human Link Programs Pty Ltd and Cordis Digital Pty Ltd (together 'Human Link'). Human Link has been consolidated into the Group's financial statements from 7 April 2022.

#### Details of Associates and Joint Venture Entities

	Ownership interest		Contribution to profit/(loss)	
	June 2022	June 2021	June 2022	June 2021
Associate	%	%		
Bind Soluções Informáticas, Design Web e Gráfico, Lda	19.99%	0%	24,897	-
<i>LiveTiles Limited's aggregate share of associate's profit/(loss)</i>				
Profit/(loss) from ordinary activities before income tax			29,993	-
Income tax on operating activities			5,097	-

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

**Unaudited preliminary financial report for the year ended 30 June 2022**

**APPENDIX 4E – UNAUDITED PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2022**

**Attachments**

The consolidated unaudited financial statements and unaudited remuneration report for LiveTiles Limited for the year ended 30 June 2022 are attached.

**Audit Status**

This report is based on the Financial Statements which are in the process of being audited.

**Signed**



---

Karl Redenbach  
CEO  
Melbourne

Date: 30 August 2022

For personal use only

**Unaudited consolidated financial statements for the year ended 30 June 2022**

**Contents**

<b>Commentary on the results for the year</b>	<b>2</b>
<b>Remuneration Report (Unaudited)</b>	<b>11</b>
<b>Consolidated Financial Statements (Unaudited)</b>	<b>19</b>

## COMMENTARY ON THE RESULTS FOR THE YEAR

### Principal activities

The Group's principal continuing activities during the year was 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 drives engaged employee communication and collaboration in the modern workplace. LiveTiles has over 1,000 enterprise 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 business operations below referencing Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) has been derived from the financial statements. The Annual Recurring Revenue (ARR<sup>1</sup>), 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 year ended 30 June 2022, LiveTiles achieved another year of strong growth across its key business metrics of ARR, Revenues, EBITDA and Cash.

- **EBITDA improved by +131% to \$5.1m** (2021: \$(16.2)m). On an Underlying EBITDA basis, there was a +362% improvement year over year to \$2.97m.
- **Operating Revenues grew +17% to \$52.8m** (2021: \$44.98m)
- **ARR<sup>1</sup> grew +4% to \$65.6m** (2021: \$62.8m), comprising 1,087 customers (2021: 1,078). On a constant currency basis when compared with 30 June 2021 FX rates, ARR grew 4% to \$65.0m as at 30 June 2022.
- **Receipts from customers grew +10% to \$56.7m** (2021: \$51.8m).
- **Net Operating Cash Flows improved +93% to \$(0.9)m** (2021: \$(12.3)m), leaving **cash balance at 30 June 2022 at \$13.2m** (2021: \$16.8m).

---

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.

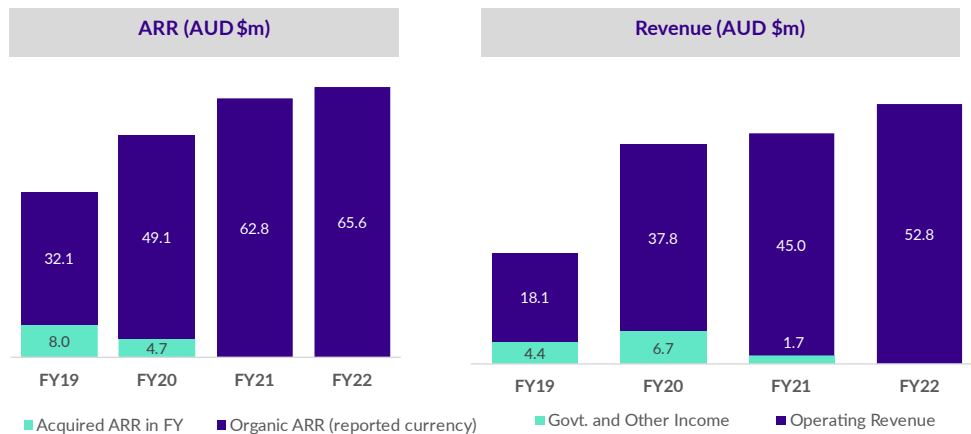
## COMMENTARY ON THE RESULTS FOR THE YEAR

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	Jun-22 (\$000s)	Jun-21 (\$000s)	Movement
Software subscription revenue		42,575	34,403	24 %
Software related services revenue		9,349	10,574	(12)%
EX services revenue		906	-	100 %
<b>Total operating revenue</b>		<b>52,830</b>	<b>44,977</b>	<b>17%</b>
Other income		400	1,745	(77)%
<b>Total Revenue</b>		<b>53,230</b>	<b>46,722</b>	<b>14%</b>
Cost of revenues		(12,191)	(12,155)	(0)%
<b>Gross Profit</b>	(a)	<b>40,638</b>	<b>32,822</b>	<b>24%</b>
<i>Gross Profit Margin</i>		76.9%	73.0%	39 pp
Product research and development	(b)	(12,486)	(12,158)	(3)%
Sales and marketing		(14,031)	(15,399)	9 %
General and administration		(12,470)	(13,856)	10 %
<b>Total operating expenses</b>		<b>(38,987)</b>	<b>(41,413)</b>	<b>6 %</b>
One off costs	(c)	-	(14,030)	-
Depreciation and amortisation		(4,112)	(5,950)	31 %
Change in fair value of CYCL earn out	(c)	3,977	-	-
Human Link acquisition earn out expenses	(d)	(1,013)	-	-
Other non cash expenses	(e)	(839)	(2,737)	69 %
<b>Net Operating Profit / (Loss)</b>		<b>64</b>	<b>(29,563)</b>	<b>100%</b>
<b>EBITDA</b>		<b>5,095</b>	<b>(16,206)</b>	<b>131%</b>
<i>EBITDA Margin</i>		9.6 %	(36.3)%	459 pp
<b>Underlying EBITDA</b>	(f)	<b>2,970</b>	<b>(1,134)</b>	<b>362%</b>
<i>Underlying EBITDA Margin</i>		5.6 %	(2.8)%	84 pp
<b>Net Profit / (Loss) after tax</b>		<b>(818)</b>	<b>(30,141)</b>	<b>97%</b>

## Notes

- (a) Gross Profit excludes Other Income.  
 (b) Includes amortisation of capitalised software development costs of \$614k during the period.  
 (c) Prior period relates to litigation and redundancy costs. Current period relates to the fair value movement in contingent consideration, due to the decrease in the value of expected payment to the sellers of CYCL AG under the earn out arrangement of the acquisition contract.  
 (d) Relates to professional fees incurred and share based payment expenses & employee benefits payments expenses accrued during the period with respect to payments owed to Human Link sellers under earn out arrangement of the acquisition contract, see Note 14.  
 (e) Non-cash expense items include \$0.3m unrealised foreign currency movements, \$0.5m share based payments expenses, excluding those related to Human Link acquisition which are included per (d).  
 (f) Underlying EBITDA excludes non-cash expenses (e) and one-off non-recurring items (c)(d).

**ARR and Revenues**

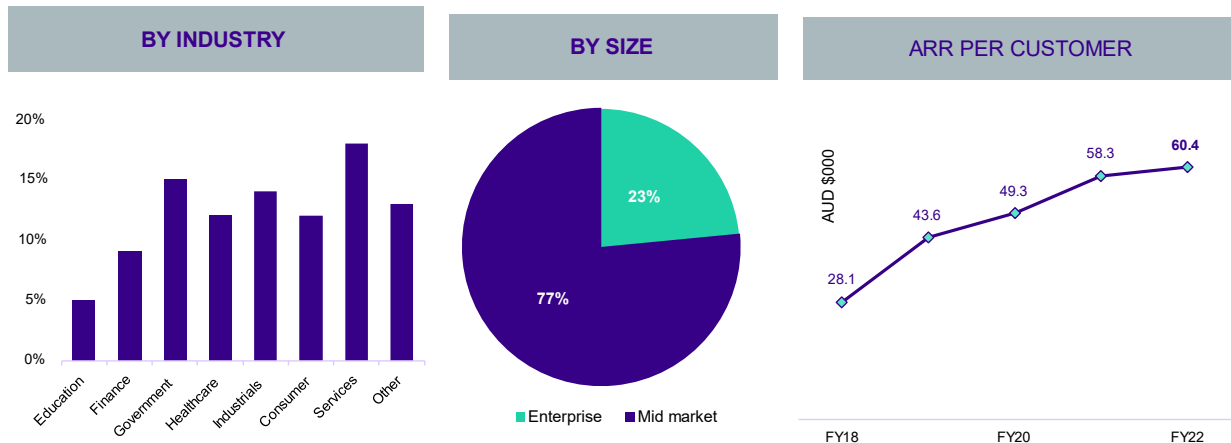
During the year, LiveTiles successfully grew its Operating Revenues (Subscription and Services related to software revenues) by +17% in FY22 when compared to FY21. This growth highlights the strength of the LiveTiles product offering across the Employee Experience market. The results were driven by the Company's strong subscription revenue performance at 24% compared to the prior corresponding period, 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 12% compared to FY21 with less professional service requirements with a drop in complex intranet deployments in the period.

For the 12 months to 30 June 2022, total revenue and other income was \$53.2m (2021: \$46.7m), including subscription revenue of \$42.6m (2021: \$34.4m), Software related services revenue of \$9.3m (2021: \$10.6m) and EX services revenue of \$0.9m (2021: \$0m) and other revenue \$0.4m (2021: \$1.7m). In addition, unearned revenue (a balance within the Statement of Financial Position) was \$13.2m (2021: \$13.5m); a result of invoicing customers their full fees in advance of their subscription period, a feature of Software as a Service (SaaS) business models.

ARR grew by +4% to \$65.6m (2021: \$62.8m) comprising 1,087 paying customers (2021: 1,078) with an average ARR per customer of \$60.4k. On a constant currency basis, ARR was \$65.0m. Net ARR \$ Retention<sup>2</sup> through the 12-month period was 91%.

<sup>2</sup> Net Retention is ARR expansion from existing customers less any down sells or cancellations in the period / ARR at the beginning of the period

## Customers



As a leader in the EX market, LiveTiles continues to broaden its global base of enterprise customers. The ongoing development of the Company's products and EX program capabilities coupled with the five acquisitions made this financial year has strengthened the Company's offering.

During the year, Average ARR per Customer over the year grew +4% to \$60.4k (2021: \$58.3k), on a constant currency basis, average ARR per Customer was \$59.8k. This reflects the shift in focus towards a greater mix of our customer base towards larger Mid-market and Enterprise customers with 23% of customers now considered Enterprise.

Operationally, during the year the Company completed its largest customer deployment project, with the solution successfully deployed and now live across the customers business. Other key customer projects delivered include 10,000 users across a Catholic schools network which went live on the LiveTiles intranet providing capability to drive personalised content and integration capabilities with ServiceNow a core business system for the network. LiveTiles Reach was successfully deployed into a large Australian Hospitality business with +160 venues to service its frontline hospitality workforce using their personal email or phone number to access communications and content.

## Product Research and Development

AUD \$'000s	Jun-22	Jun-21	Movement
Product research and development	(12,486)	(12,158)	3 %
% of Total Revenue	23.5%	26.0%	(26 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 FY21 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 12 months to 30 June 2022, \$3.9m of software development costs were capitalised, of which \$0.6m was amortised during the period and reported in the above Product and R&D costs, refer to Note 5 of the financial statements for more details.



**Sales and Marketing**

AUD \$000s		Jun-22	Jun-21	Movement
Sales and Marketing		(14,031)	(15,399)	(9)%
% of Total Revenue		26.6%	34.2%	(77 pp)

Sales & Marketing improved by +9% with \$1.4m savings. A contributing factor to this improvement was 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**

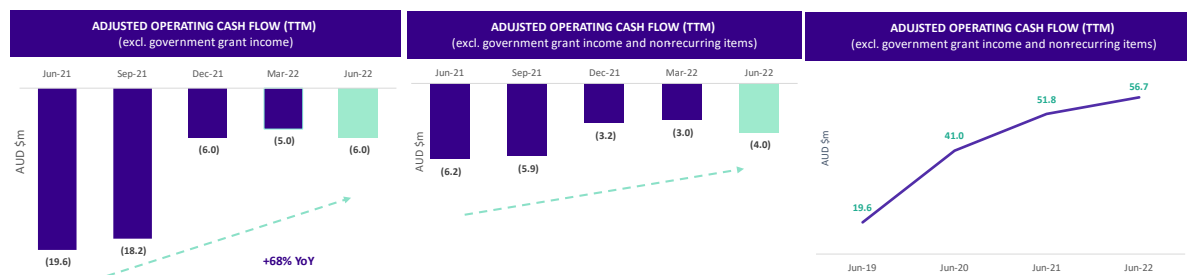
AUD \$000s		Jun-22	Jun-21	Movement
General and Administration		(12,470)	(13,856)	(10)%
% of Total Revenue		23.4%	29.7%	(62 pp)

General & administration improved by 10% and \$1.4m compared to 2021. 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**

- 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.
- **\$1m in costs associated with Human Link acquisition**, including \$0.1m in professional fees, \$0.45m in share based payment expenses and \$0.45m in employee benefits expense related to the earn out arrangements of the purchase acquisition, these payments will fall due for payment in January 2023 and January 2024.
- **Non-cash expense \$0.8m** items including \$0.5m expense relating to employee share plan, excluding share based payments related to the Human Link acquisition earn out arrangements and \$0.3m of unrealised foreign currency loss movement

## Cash Flows



**Customer Receipts of \$56.75m** for the Group in financial year 2022 was a record and saw 10% increase on the prior year and a 43% 3 year CAGR.

**Cash Flows:** Net Operating Cash Flows on a Trailing Twelve Month (TTM) basis of \$(0.9)m, improved +93%, compared to FY21. It is noted that this result was stated differently in the Appendix 4C, for the period ending 30 June 2022, due to the classification of payments for salary and wage developments costs as investing activities (\$3.9m) and repayment of lease liability as financing activities (\$1.1m) in the Consolidated Statement of Cash Flows. Adjusted operating cash flows for the trailing twelve months were \$(6.0m), representing a 68% improvement year on year. The net operating cash flow improvement was off the back of growing customer receipts, improved cost management practices and better operating leverage.

**Debt Facility:** The Company announced on 27 September 2021 that it secured a 3.5 year, \$10.0m secured loan facility with OneVentures to assist with future investment strategies, deliver on new product developments and support ongoing working capital needs. As at 30 June 2022, \$6.0m of the facility had been drawn down.

**Cash and cash equivalents \$13.2m** as at 30 June 2022, with additional \$4.0m available to draw from the OneVentures debt facility, **providing a total available cash of \$17.2m**. Access to additional draw subject to completion of the shareholder vote on removal from the official list of the ASX, per Note 8.

## Significant activities during the financial year

### Strategic EX Investments and expanding EX capabilities

As LiveTiles moves towards becoming a global leader in the Employee Experience (EX) market as part of its renewed strategy, the Company made the following investments during the financial year. These investments are facilitating the acceleration of the Company's EX offering::

- The Human Link** a leading EX business that works with many of Australia's largest blue-chip organisations and is a leading provider of EX programs. The integration of this acquisition was completed successfully during the final quarter of the financial year with the operations, employment teams and the EX programs now embedded within the wider LiveTiles global business and its go- to-market offerings. Since acquisition, the Human Link team successfully expanded its team and operations into the US market and generated \$0.9M in customer billings and positive operating cash flow. LiveTiles acquired 100% of issued capital in the Human Link Group for an upfront consideration of AUD\$0.5m in cash, \$0.25m of which remains payable 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.
- BindTuning** a Portugal based, leading Digital Workplace software company which builds technology to transform intranets into a modern and collaborative, intelligent digital workplace to improve employee experience. Since the investment, there has been integration of BindTuning's work practises across European teams and the integration has been supporting the process of establishing LiveTiles' Portuguese development team. BindTuning has won a major deal with a large US school system. The investment was made in December with LiveTiles acquiring 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 after certain milestones are met, per Note 4.

### Strategic EX Investments and expanding EX capabilities (continued)

- **My Net Zero** a leading carbon reduction and climate change platform. The My Net Zero platform leverages LiveTiles' Reach Technology "Reach Zero" providing organisations and employees a global 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 and engage and receive advice from other users on how to progress their net-zero journey. LiveTiles signed a strategic partnership in December 2021 and took a 19.97% minority investment for AUD\$985k.
- **BrainPac** a leading Australian based Cognitive AI development company. The business is developing a tool that assesses and provides rich insights into cognitive performance, mental health, psychological traits, and engagement in human behaviour. LiveTiles took a 19.9% minority investment for AUD\$900k
- **Hide & Seek** is a Canberra based digital design and consulting business. 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. The Company took a minority 10% stake for AUD\$250k.

### Cost saving initiatives and synergies creating efficiencies for scale

Following the company wide strategic review, there was a focus on operational efficiencies across the entire business during the year, particularly in marketing and engineering which will expand to other departments in FY 2023.

LiveTiles expanded into low-cost jurisdiction Portugal to increase its engineering capacity and focus on bringing core capabilities into the platform. The consolidation of the company's engineering teams following the LiveTiles recent acquisitions, has allowed better support and has released velocity across the Company's product suite. The new product structure separates out Platform, Engineering and Product Management to provide better governance and accountability, while also providing a structure that supports scale.

The Company has realised marketing and operational efficiencies by expanding to the Philippines to support back office and scale operations. LiveTiles revised its regional operating model after a reduction in headcount in FY 2021, to allow for greater accountability and ownership of growth targets and cost saving exercises.

### The Employee Experience (EX) Academy launch

LiveTiles officially launched the EX Academy in the final quarter of 2022, 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.

### App strategy evolution

As part of the Company's renewed go-to-market strategy, LiveTiles completed the Employee App Strategy engagement to define its next evolution, with Engineering commencing the first sprints. The product developed will focus on features desired by enterprise buyers, thus further increasing enterprise customer base. LiveTiles continued to see growth of its Employee App in organisations that have complex work structures and diverse roles, especially those with frontline workers who may not have access to a PC at work.

The Company has seen particular interest in MNZ + Employee App into large organisations with sustainability initiatives, with the Employee App Product supporting the communication needs for such initiatives.

### Microsoft relationship

Microsoft and LiveTiles continue to strengthen their partnership across the globe. In addition to Microsoft being a source of LiveTiles leads for large enterprises that are high value and complex in nature, Microsoft is also a customer of LiveTiles leveraging the LiveTiles Reach platform as a marketplace for their suppliers in the APAC region.

## Marketing

During the first half of the year, 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 – many of these are now active pursuits in the current sales pipeline.

Towards the back end of FY22 the Company was pleased to see physical events returning, which have always been a core part of demand generation for Product & Programs.

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](https://reach.livetilesglobal.com)).

## Significant events since the end of the financial year

On 2 August 2022, LiveTiles announced that it had submitted a formal request to the ASX to be removed from the official list. The delisting is considered by the Company's Board to be in the best interests of the Company for the following reasons:

1. **Company valuation:** The Board considers that the trading price of the Company's shares in recent years implies a valuation that has been (and remains) consistently and materially lower than the valuations of unlisted companies of a comparable nature and stage to LiveTiles. The Board is confident that the Company's valuation has a greater prospect of growing towards the Board's assessment of fair value as an unlisted company.
2. **Capital raising:** Whilst LiveTiles is well funded and has no intention to raise equity capital in the near term, if the Company seeks to raise further growth capital in the future whilst listed on the ASX, this would likely impose a higher dilutionary cost on non-participating shareholders than if the Company was more fairly valued. The Board also considers that the Company will have access to a much broader universe of technology-focused, global institutional investors as an unlisted company including those who are unable to invest in ASX-listed companies due to investment mandates.
3. **Strategic and corporate opportunities:** The Board considers that the Company will have greater flexibility to pursue and execute value enhancing strategic opportunities and corporate transactions as an unlisted company.
4. **Employees:** The volatility in the Company's share price and (in the Board's opinion) the disconnect between the Company's share price and its fair value have impacted the Company's ability to attract high quality employees. Delisting may improve the Company's perception as a more attractive employer and promote employee retention, given the impact share price and illiquidity can have on an employee's decision to join or remain at the Company and any incentive arrangements.
5. **Illiquidity:** Notwithstanding the Company's ASX listing, trading in the Company's shares has been relatively illiquid which has contributed to high volatility in the Company's share price. Low liquidity has also limited the Company's ability to secure broad institutional ownership. Further, low trading liquidity and the associated volatility has the potential to adversely impact capital market transactions.
6. **Product strategy:** The Company has an opportunity to rationalise and reposition its portfolio of software products (some of which have been acquired) to drive incremental sales growth and strategic value over the medium term. The Board believes that pursuing this strategy whilst under the pressure of quarterly financial reporting cycles may lead to increased volatility in the Company's share price.
7. **Costs:** The Company believes that the ongoing administrative, compliance and direct costs associated with the Company's ASX listings are disproportionate to the benefits of remaining listed.

LiveTiles has provided that it will undertake an extensive and Operational Review of its business following the delisting of the business with the objective of generating substantial value for shareholders over the medium term.

After successful completion of the delisting and at the conclusion of the Operational Review, the Board will actively explore a liquidity event for the Company such as a growth capital raise, sale of the company to a strategic buyer, strategic M&A with complimentary companies to accelerate growth and market position and / or a listing of the Company on NASDAQ.

The delisting shareholder vote will be held on 5 September 2022.

**Signed**



Dr Marc Stigter  
Chairman  
Melbourne

Date: 30 August 2022

**Signed**



Karl Redenbach  
CEO and Executive Director  
Melbourne

Date: 30 August 2022

**REMUNERATION REPORT (UNAUDITED)****1. Introduction**

This Remuneration Report for the year ended 30 June 2022 outlines the remuneration arrangements of LiveTiles Limited and its controlled entities.

This Remuneration Report details the remuneration arrangements for key management personnel (**KMP**) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

The following individuals were classified as KMP of the Group during the financial year ended 30 June 2022. Unless otherwise indicated, the individuals were KMP for the entire financial year.

<b>Senior Executives</b>	
Karl Redenbach	Chief Executive Officer and Executive Director
Peter Nguyen-Brown	Chief eXperience Officer and Executive Director
Jarrold Magee <sup>1</sup>	Chief Financial Officer
<b>Non-Executive Directors</b>	
Dr Marc Stigter	Non-Executive Chair
Jesse Todd	Non-Executive Director
Fiona Le Brocq	Non-Executive Director (resigned 1 June 2022)

<sup>1</sup>Jarrold Magee resigned on the 29<sup>th</sup> July 2022.

**2. Remuneration governance**

The Remuneration Committee was in place from 1 July 2021 for the entire FY22; the Remuneration Committee consisted of the following Board Members through the period:

Peter Nguyen-Brown	1 July 2021 – 30 June 2022
Marc Stigter	1 July 2021 – 30 June 2022
Fiona Le Brocq (Chair)	1 July 2021 – 1 June 2022
Jesse Todd	1 July 2021 – 30 June 2022

Jesse Todd was appointed chair of the Remuneration Committee on 1 July 2022.

The Remuneration Committee is responsible for reviewing and approving remuneration arrangements for the executive directors and reviewing remuneration arrangements for executives reporting to the CEO. Executive directors are not present during board meetings when their remuneration arrangements are reviewed by the non-executive directors.

The Remuneration Committee also reviews the remuneration arrangements for the non-executive directors of the Board, including fees, travel and other benefits.

Non-director members, including members of management, may attend all or part of Remuneration Committee meetings.

Further information on Remuneration can be seen in the Corporate Governance Statement on the Company's website at [www.livetilesglobal.com/company/investors/](http://www.livetilesglobal.com/company/investors/).

## REMUNERATION REPORT (UNAUDITED)

**3. Executive remuneration arrangements***Remuneration principles*

The Group's approach to executive remuneration is based on the following objectives:

- Ensuring the Company's remuneration structures are equitable and aligned with long-term interests of the Company and its shareholders;
- Attracting and retaining skilled executives; and
- Structuring short and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns.

*Remuneration structure*

The following table outlines how the Group's executive remuneration structure aligns remuneration with performance.

Component	Description	Purpose	Link to performance	Who participates?
Fixed remuneration	Base salary package including statutory superannuation contributions where applicable.	To provide competitive fixed remuneration determined with reference to role, experience and market.	Individual performance is considered during the annual remuneration review.	All executives.
Short term incentives (STI)	Paid in cash or shares.	Rewards executives for their contribution to achievement of Group outcomes.	Discretionary bonus linked to specific financial and non-financial targets.	Executives and other key employees who have an impact on the Group's performance.
Long term incentives (LTI)	Shares issued under Management Incentive Plan (MIP)	Rewards executives for their contribution to the creation of shareholder value over the longer term.	Shares issued under the MIP to executives who are key management personnel have been structured such that executives are remunerated only when the Company's share price exceeds the vesting price.	Executives and other key employees.

See section 7 of the Remuneration Report for further details of the Management Incentive Plan.

*Company performance*

A key underlying principle of the Group's executive remuneration framework is that remuneration levels should be linked to Group performance. As the Group's strategy is focused on investing in growth to drive recurring revenues and set up for future profitability, it has not been appropriate, to date, to assess the Group's performance on the basis of profitability.

The Group's key financial measures of performance are summarised in the table below:

	30 June 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Annualised Recurring Revenue	\$65.6m	\$62.8m	\$53.8m	\$40.1m	\$15.0m
Cash balance	\$13.1m	\$16.8m	\$37.8m	\$14.9m	\$17.8m
Share price	\$0.04	\$0.15	\$0.23	\$0.44	\$0.48
Income / (Loss) before income tax expense and non-recurring and non-cash items	\$0.1m	\$(9.8)m	\$(21.3)m	\$(34.2)m	\$(20.8)m
Dividends	Nil	Nil	Nil	Nil	Nil

The Group's key financial measure of performance over the longer term includes the increase in annualised recurring revenue, which has increased to \$65.6 million at 30 June 2022 from \$62.8 million at 30 June 2021. Shareholder alignment is driven by the structure of the Management Incentive Plan, where share price appreciation drives value for executives through the Plan (refer to section 7 of the Remuneration Report).

## REMUNERATION REPORT (UNAUDITED)

**4. Executive contracts**

Remuneration arrangements for executives are formalised in employment agreements. The table below sets out the key terms and conditions of the employment contracts of the CEO and senior executives. All contracts are for unlimited duration.

	Base salary	Superannuation	Bonus	Notice period
<b>Karl Redenbach, CEO and Executive Director</b>	\$977,160	Statutory minimum	Discretionary cash bonus capped at 100% of base salary, subject to meeting ARR and other performance targets.	6 months
<b>Peter Nguyen-Brown, CXO and Executive Director</b>	\$700,000	Statutory minimum	Discretionary cash bonus capped at 100% of base salary, subject to meeting ARR and other performance targets.	6 months
<b>Jarrod Magee, CFO</b>	\$300,000	Statutory minimum	Discretionary cash bonus capped at 30% of base salary, subject to meeting performance targets.	3 months

Section 5 of the Remuneration Report outlines the voluntary reduction in Executive Director remuneration in the 2022 financial year. This includes reduction in fixed remuneration (Base Salary) for Executive Directors by non-payment of one month's salary as well as the election to forgo the STI (Bonus) by Executive Directors.

Long term incentives for KMP are discussed in section 7 of the Remuneration Report.

In the case of each of the executive above, the Company may terminate the employment agreement without notice for misconduct or material breach of contract.

**5. Executive remuneration details**

In 2019, the Board implemented the outcomes of an independent review of the Company's executive director remuneration. Details of the remuneration paid to KMP executives for the year are set out below.

*Fixed remuneration*

In the 2022 financial year, Executive Directors base salary was reduced by non-payment of one month's salary, representing a decrease of 8.3% for the period.

*Short-Term Incentive (STI)*

Targets for Executive Director STI for financial year 2022 related to ARR and revenue growth, balancing the operating investments that drive growth with disciplined cash efficiencies as stated above and other qualitative metrics aligned to strategy. The cash measures have been adopted in light of recent macro-environment pressures and a view by the Board to drive disciplined cost initiatives. For financial year 2022, the Group achieved +4% ARR growth and realised a +68% improvement in its Adjusted Net Operating Cash Flow on a trailing 12-month basis. The Company also achieved its maiden profit with underlying EBITDA of \$3.0m, an improvement of 362% (2021: \$(1.1m)). The Remuneration Committee assessed the Executive Directors to have achieved their financial year 2022 STI targets. However, the Executive Directors offered to forego their financial year 2022 STI considering the current macro environment and that it is ultimately in the best interests of the Company and shareholders to do so, reducing their total earnable income by 50% in the process. This is in addition to the Executive Directors foregoing financial year 2021 STI despite achieving targets, also reducing their total earnable income by 50% in that year.

*Long-Term Incentive (LTI)*

No Executive Directors were awarded LTI. In financial year 2022 the CEO and CXO, respectively, remain the single largest shareholders in the Group, providing strong alignment with shareholder interests.

*Summary*

- Fixed remuneration for Executive Directors decreased by non-payment of one month's salary in financial year 2022, representing a decrease of 8.3% for the period.
- Financial year 2022 STIs for Executive Directors voluntary foregone, a reduction of 50% on total earnable income.
- (STIs for Executive Directors in financial year 2021 also voluntary foregone).
- Cash payments to Executive Directors down approximately 40% compared to financial year 2019 when independent review concluded.
- No LTIs awarded to Executive Directors in financial year 2022.



## REMUNERATION REPORT (UNAUDITED)

## 5. Executive remuneration details (continued)

	Financial year	Salary and fees \$	STI bonus \$	Annual leave and long service leave entitlements \$	Post-employment benefits \$	Share based payments <sup>1</sup> \$	Total \$	Performance related %
Karl Redenbach	2022	895,730	-	36,372	21,604	-	953,706	0%
	2021	993,554	-	-	7,231	-	1,000,785	0%
Peter Nguyen-Brown	2022	641,667	-	76,914	21,604	-	740,185	0%
	2021	700,000	-	111,934	21,694	-	833,628	0%
Jarrold Magee	2022	300,000	-	8,686	23,568	18,297	350,551	5%
	2021	214,773	35,000	13,150	15,866	46,172	324,961	25%
Rowan Wilkie <sup>2</sup>	2022	-	-	-	-	-	-	0%
	2021	109,375	153,875	6,001	6,327	11,075	286,653	58%
Total	2022	1,837,397	-	121,972	66,776	18,297	2,044,441	1%
	2021	2,017,702	188,875	131,085	51,118	57,247	2,446,027	10%

1. Represents shares issued under the Management Incentive Plan and options under the Long Term Incentive Plan (as detailed in Section 7 of the Remuneration Report and Note 14 of the financial statements), and shares issued in lieu of cash STI.
2. Mr Wilkie ceased being a KMP on 14 October 2020 therefore the table reflects remuneration up to that date.

## 6. Non-executive director fee arrangements

The Board seeks to set the fees for non-executive directors at a level which provides the Company with the ability to attract and retain directors of a high calibre, whilst incurring a cost which is acceptable to shareholders.

Under the Company's constitution and the ASX listing rules, the maximum aggregate amount of fees that can be paid to non-executive directors shall be determined from time to time by a general meeting of shareholders. The current aggregate fee pool for the non-executive directors is \$500,000.

Each non-executive director receives a fee for being a director of the Company. In addition, a non-executive director may be paid fees or other amounts as the Board determines where a non-executive director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. Non-executive directors are also entitled to be reimbursed for reasonable expenses incurred in performing their duties as directors.

Non-executive director letters of appointment are in place with Marc Stigter, Jesse Todd and Fiona Le Brocq.

For the period from 1 July 2021 to 30 June 2022, Dr Stigter was entitled to remuneration of \$165,000 per annum (including superannuation, if applicable).

For the period from 1 July 2021 to 30 June 2022, Mr Todd was entitled to remuneration of \$110,000 per annum (including superannuation, if applicable).

For the period from 1 July 2021 to 1 June 2022, Ms Le Brocq was entitled to remuneration of \$110,000 per annum (including superannuation, if applicable). Ms Le Brocq resigned as Non-Executive Director on 1 June 2022.

## REMUNERATION REPORT (UNAUDITED)

The table below outlines remuneration paid to non-executive directors for the year.

Non-executive director	Financial year	Fees	Cash bonus	Termination benefits	Post-employment benefits	Share based payments – MIP	Other	Total
		\$	\$	\$	\$	\$	\$	\$
Dr Marc Stigter <sup>1</sup>	2022	165,000	-	-	-	-	-	165,000
	2021	131,875	-	-	-	-	-	131,875
Jesse Todd <sup>2</sup>	2022	110,000	-	-	-	-	-	110,000
	2021	23,333	-	-	-	-	-	23,333
Fiona Le Brocq <sup>3</sup>	2022	89,642	-	-	8,964	-	-	98,606
	2021	23,333	-	-	2,216	-	-	25,549
Andrew McKeon <sup>4</sup>	2022	-	-	-	-	-	-	-
	2021	87,083	-	-	-	-	-	87,083
David Lemphers <sup>5</sup>	2022	-	-	-	-	-	-	-
	2021	20,076	-	-	-	-	-	20,076
Dana Rasmussen <sup>6</sup>	2022	-	-	-	-	-	-	-
	2021	87,083	-	-	-	-	-	87,083
<b>Total</b>	<b>2022</b>	<b>364,642</b>	<b>-</b>	<b>-</b>	<b>8,964</b>	<b>-</b>	<b>-</b>	<b>373,606</b>
	<b>2021</b>	<b>372,783</b>	<b>-</b>	<b>-</b>	<b>2,216</b>	<b>-</b>	<b>-</b>	<b>375,000</b>

1. Dr Marc Stigter was appointed as Non-Executive Chair on 11 September 2020.

2. Jesse Todd was appointed as Non-Executive Director on 15 April 2021.

3. Fiona Le Brocq resigned as Non-Executive Director on 1 June 2022.

4. Andrew McKeon resigned as Non-Executive Director on 15 April 2021.

5. David Lemphers resigned as Non-Executive Director on 11 September 2020.

6. Dana Rasmussen resigned as Non-Executive Director on 15 April 2021.

## 7. Equity instruments held by key management personnel

### Long Term Incentive Plan

The purpose of the Long Term Incentive Plan (LTIP) is to assist in the reward, retention and motivation of eligible management and employees and to align the interests of these persons more closely with the interests of the Company's shareholders. Options issued under the LTIP to key management personnel have been structured such that KMPs are remunerated only when the Company's share price exceeds the vesting price.

No options have been issued to key management personnel under the LTIP during the period.

### Management Incentive Plan

The purpose of the Management Incentive Plan (MIP) is to assist in the reward, retention and motivation of eligible directors and management and to align the interests of these persons more closely with the interests of the Company's shareholders. Shares issued under the MIP to executives who are key management personnel have been structured such that executives are remunerated only when the Company's share price exceeds the vesting price.

The issue price of shares issued under the MIP is funded by a non-recourse interest free loan from the Company. The issue price and loan value is set with reference to the closing share price on the date prior to issue. Vesting of shares issued under the MIP is subject to the satisfaction or waiver of vesting conditions determined by the Board. Subject to the MIP rules, any unvested shares lapse immediately and are forfeited if the relevant vesting conditions are not satisfied within the applicable vesting period. Once vested, shares issued under the MIP are treated in the same way as all other ordinary shares, subject to the full repayment of any outstanding loan by the relevant executive.

The Board has the sole discretion to determine the directors and employees who are eligible to participate in the MIP and the terms upon which shares are issued under the MIP, including the issue price, loan amount and vesting conditions.

## REMUNERATION REPORT (UNAUDITED)

The following tranches of shares have been issued to key management personnel and other members of management under the MIP:

	No. of shares	Date issued	Vesting date	Expiry date	Vesting price	Fair value <sup>1</sup>
Tranche A	15,000,000	25/08/2015	24/08/2017	24/08/2021	\$0.25	\$0.06
Tranche B	10,000,000	25/08/2015	24/08/2018	24/08/2021	\$0.35	\$0.06
Tranche C	10,000,000	25/08/2015	24/08/2019	24/08/2021	\$0.45	\$0.06
Tranche M	266,667	06/05/2019	05/05/2020	06/05/2025	\$0.57	\$0.17
Tranche N	266,667	06/05/2019	05/05/2021	06/05/2025	\$0.57	\$0.17
Tranche O	266,667	06/05/2019	05/05/2022	06/05/2025	\$0.57	\$0.17
Tranche S	100,000	15/01/2021	15/10/2021	15/01/2027	\$0.23	\$0.09
Tranche T	100,000	15/01/2021	15/10/2022	15/01/2027	\$0.23	\$0.09
Tranche U	100,000	15/01/2021	15/10/2023	15/01/2027	\$0.23	\$0.09
Tranche V	467,000	01/03/2021	01/03/2022	01/03/2027	\$0.25	\$0.10
Tranche W	467,000	01/03/2021	01/03/2023	01/03/2027	\$0.25	\$0.10
Tranche X	466,000	01/03/2021	01/03/2024	01/03/2027	\$0.25	\$0.10

<sup>1</sup> Fair value per share at grant date

Note: under a takeover scenario, the legal framework for both options and MIPS allows for Board discretion to disallow or allow unvested securities to vest.

#### Shareholdings of Key Management Personnel (KMP)

The table below outlines the ordinary shares held by KMP (excluding shares held under the MIP).

	Balance at 1 July 2021	Granted as remuneration	Options exercised	Net change other	Balance at 30 June 2022
<b>Senior Executives</b>					
Karl Redenbach	71,482,547	-	-	-	71,482,547
Peter Nguyen-Brown	71,482,547	-	-	-	71,482,547
Jarrold Magee	-	-	-	-	-
<b>Non-executive directors</b>					
Marc Stigter	118,105	-	-	287,040 <sup>1</sup>	405,145
Jesse Todd	175,900	-	-	557,777 <sup>1</sup>	733,677
Fiona Le Brocq	-	-	-	302,325 <sup>1</sup>	302,325

<sup>1</sup>As per ASX disclosure, Appendix 3Y, dated 4<sup>th</sup> January 2022

The following table represents shares issued to key management personnel under the Management Incentive Plan, as approved by the Company's shareholders on 30 November 2020 (as described in section 7 above).

	Balance at 1 July 2021	Issued during the year	Exercised during the year	Net change other	Balance at 30 June 2022	Fair value at 30 June 2022
<b>Senior Executives</b>						
Karl Redenbach	19,500,000	-	-	-	19,500,000	\$819,000
Peter Nguyen-Brown	6,750,000	-	-	-	6,750,000	\$283,500
Jarrold Magee	300,000	-	-	-	300,000	\$12,600
<b>Non-executive directors</b>						
Marc Stigter	-	-	-	-	-	-
Jesse Todd	-	-	-	-	-	-
Fiona Le Brocq	-	-	-	-	-	-

## REMUNERATION REPORT (UNAUDITED)

*Loans to Key Management Personnel*

The following non-recourse loans have been provided by the Company to KMP under the MIP (as approved by shareholders at a general meeting on 30 November 2020). The non-recourse loans are interest-free and the proceeds are used to subscribe for shares in the Company under the MIP. The non-recourse loans are treated as off-balance sheet due to the inherent uncertainty that they will crystallise. Under the terms of the MIP, there is no obligation to settle the loan, which is dependent on the satisfaction of the vesting conditions and the recipient's option to exercise. The shares remain restricted until funds are received in settlement of the prescribed loan balance, providing the Company security over the receivable.

	Balance at 1 July 2021	Loans issued	Loans repaid	Net change other	Balance at 30 June 2022
<b>Senior Executives</b>					
Karl Redenbach	\$2,925,000	-	-	-	\$2,925,000
Peter Nguyen-Brown	\$1,012,500	-	-	-	\$1,012,500
Jarrold Magee	\$51,000	-	-	-	\$51,000
<b>Non-executive directors</b>					
Marc Stigter	-	-	-	-	-
Jesse Todd	-	-	-	-	-
Fiona Le Brocq	-	-	-	-	-

The following loans have been provided to key management personnel by the Company.

	Balance at 1 July 2021	Loans increase	Interest accrued	Loans repaid	Balance at 30 June 2022
<b>Senior Executives</b>					
Karl Redenbach	\$582,987	-	\$87,448	-	\$670,435
Peter Nguyen-Brown	\$582,987	-	\$87,448	-	\$670,435
Jarrold Magee	-	-	-	-	-
<b>Non-executive directors</b>					
Marc Stigter	-	-	-	-	-
Jesse Todd	-	-	-	-	-
Fiona Le Brocq	-	-	-	-	-

The loans in the above table, first raised in April 2019, have been provided to the co-founders to assist with their defence of litigation brought against them, as advised to ASX on 1 June 2018. While the Group has engaged its own lawyers to represent the four Group entities named in the litigation, instructed by the independent non-executive directors, the loans above solely relate to legal advice sought by co-founders.

The loans have been provided at arm's length with a total capped amount of \$475,000 per person (excluding accrued interest). Interest charged at 15% per annum and is capitalised annually, current capitalised balance equals \$195,435 per person. There have been no write-downs of balances owed during the period. No provision is held in relation to the collection of these balances.

The loan is repayable, including interest, 180 days after the later of 1) the case is settled, 2) findings determined against the defendants or 3) receipt of cost assessors certificate but no later than 31 December 2022. The cost assessors certificate has not been received at the date of this report. The independent non-executive directors, supported by legal counsel, continue to monitor the case on behalf of the Group and the governance of these loans.

**8. Other transactions with KMP**

There were no other transactions with key management personnel.

**9. Shareholder adoption of Remuneration Report**

At the Group's most recent Annual General Meeting held on 30 November 2021, 39.33% percent of shareholders voted against the approval of the Company's FY21 Remuneration Report.

**End of Remuneration Report which is unaudited.**

For personal use only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
Revenue	1	52,829,539	44,976,600
Other income	1	400,481	1,745,588
		53,230,020	46,722,188
<b>Expenses</b>			
Employee benefits expense	2	(19,830,906)	(24,523,730)
Contractors		(13,776,402)	(8,628,277)
Marketing expense		(4,580,817)	(1,926,189)
Travel and entertainment expense		(1,024,393)	(423,748)
Professional fees		(2,369,408)	(2,168,657)
Rent and other office costs		(1,447,475)	(1,540,402)
Information technology costs		(2,671,674)	(3,411,363)
Other expenses		(5,116,989)	(5,234,104)
Depreciation expense		(1,087,494)	(1,157,735)
Amortisation charge of intangibles	5	(3,024,904)	(10,128,638)
Share based payments expense	14	(921,680)	(711,498)
Litigation costs		-	(12,408,256)
Restructuring costs		-	(1,621,780)
Unrealised currency loss		(372,635)	(330,020)
Finance costs		(918,649)	(2,069,475)
Fair value movement contingent consideration		3,976,929	-
		(53,166,496)	(76,283,872)
<b>Profit / (loss) before income tax</b>		63,524	(29,561,684)
Income tax expense		(881,931)	(579,266)
<b>Net profit / (loss) for the year</b>		(818,407)	(30,140,950)
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Exchange differences on translating foreign operations, net of tax		(637,469)	(3,480,916)
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Actuarial gain on remeasurement of defined benefit pension schemes, net of tax		4,334,109	883,720
<b>Other comprehensive (loss) / income for the year</b>		3,696,640	(2,597,196)
<b>Total comprehensive loss for the year</b>		2,878,233	(32,738,146)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>Earnings per share for loss attributable to the owners of LiveTiles Limited</b>			
Basic earnings / (loss) per share (cents)		(0.09)	(3.45)
Diluted earnings / (loss) per share (cents)		(0.09)	(3.45)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	<b>Note</b>	<b>2022</b> \$	<b>2021</b> \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		13,177,071	16,804,924
Trade and other receivables		8,139,446	8,589,999
Other current assets		2,127,579	1,749,806
<b>TOTAL CURRENT ASSETS</b>		<b>23,444,096</b>	<b>27,144,729</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		780,765	828,945
Right-of-use assets		2,083,704	2,504,394
Intangible assets	5	74,741,937	72,508,993
Financial Assets	3	2,135,000	-
Investments in Associates	4	6,567,019	-
Other non-current assets		292,283	251,956
<b>TOTAL NON-CURRENT ASSETS</b>		<b>86,600,708</b>	<b>76,094,288</b>
<b>TOTAL ASSETS</b>		<b>110,044,804</b>	<b>103,239,017</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		8,088,797	7,863,233
Income tax payable		657,296	1,885,287
Lease liabilities		605,254	861,978
Employee benefits provision		2,442,300	2,924,288
Provisions for business combinations	7	7,111,201	10,822,951
Borrowings	8	502,393	-
Other current liabilities	6	13,996,707	14,274,368
<b>TOTAL CURRENT LIABILITIES</b>		<b>33,403,948</b>	<b>38,632,105</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits provision		199,608	161,366
Income tax payable		871,251	541,798
Deferred tax liability		1,984,875	2,079,508
Provisions for business combinations	7	5,814,780	-
Lease Liabilities		2,186,974	2,365,036
Pension liabilities	9	1,224,467	5,085,636
Borrowings	8	4,976,300	301,851
Other non-current liabilities	6	276,633	188,157
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>17,534,888</b>	<b>10,723,352</b>
<b>TOTAL LIABILITIES</b>		<b>50,938,836</b>	<b>49,355,457</b>
<b>NET ASSETS</b>		<b>59,105,968</b>	<b>53,883,560</b>

The accompanying notes form part of these financial statements.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	<b>Note</b>	<b>2022</b> \$	<b>2021</b> \$
<b>EQUITY</b>			
Issued capital	11	206,466,565	205,044,070
Reserves	12	4,968,232	349,912
Accumulated losses		(152,328,829)	(151,510,422)
<b>TOTAL EQUITY</b>		<u>59,105,968</u>	<u>53,883,560</u>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	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 for the year		-	-	(30,140,950)	(30,140,950)
Other comprehensive income for the year, net of tax		-	(3,480,916)	-	(3,480,916)
Remeasurements of the defined benefit asset, net of tax		-	883,720	-	883,720
Total comprehensive loss for the year		-	(2,597,196)	(30,140,950)	(32,738,146)
<i>Transactions with owners, in their capacity as owners</i>					
Shares issued for earn outs	11(a)	2,212,954	-	-	2,212,954
Share based payment expense	14	-	711,498	-	711,498
Total transactions with owners		2,212,954	711,498	-	2,924,452
Balance at 30 June 2021		205,044,070	349,912	(151,510,422)	53,883,560
Balance at 1 July 2021		205,044,070	349,912	(151,510,422)	53,883,560
Loss for the year		-	-	(818,407)	(818,407)
Other comprehensive income for the year, net of tax		-	(637,469)	-	(637,469)
Remeasurements of the defined benefit asset, net of tax		-	4,334,109	-	4,334,109
Total comprehensive income / (loss) for the year		-	3,696,640	(818,407)	2,878,233
<i>Transactions with owners, in their capacity as owners</i>					
Share based payment expense	14(a)(b)	-	466,694	-	466,694
Share capital issued	11(b)	269,309	-	-	269,309
Share capital issued	11(c)	52,155	-	-	52,155
Share capital issued	11(d)	378,929	-	-	378,929
Compound equity instrument issued	11(e)	245,202	-	-	245,202
Share capital issued	11(f)	467,300	-	-	467,300
Share based payment expense	14(c)	-	454,986	-	454,986
Share capital issued	11(g)	9,600	-	-	9,600
Total transactions with owners		1,422,496	921,680	-	2,344,171
Balance at 30 June 2022		206,466,565	4,968,232	(152,328,829)	59,105,968

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

	<b>Note</b>	<b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		56,745,948	51,883,609
Payments to suppliers and employees (inclusive of GST)		(55,609,344)	(56,472,307)
Net cash from / (used) in ordinary operating activities		1,136,604	(4,588,698)
Litigation settlement payment		-	(8,445,000)
Interest received		76	28,243
Interest and other finance costs paid		(444,554)	(388,177)
Government grants received		123,168	1,053,865
Income tax paid		(1,698,504)	(9,540)
Net cash used in operating activities		(883,210)	(12,349,307)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of Human Link, net of cash acquired		(405,286)	-
Payments for investment in BindTuning		(328,842)	-
Payments for investment in financial assets		(2,135,000)	-
Transaction costs related to investing activities		(464,806)	-
Payments for development costs		(3,901,094)	(5,336,652)
Payments for plant and equipment		(311,273)	(173,872)
Loans to related parties		-	(306,813)
Net cash used in investing activities		(7,546,301)	(5,817,337)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	8	6,000,000	-
Transaction costs related to borrowings		(578,454)	-
Repayment of lease liability		(1,083,059)	(842,078)
Net cash (used in) / from financing activities		4,338,487	(842,078)
Net (decrease) / increase in cash held		(4,091,024)	(19,008,722)
Cash and cash equivalents at beginning of financial year		16,804,924	37,791,314
Effects of exchange rate changes on cash and cash equivalents		463,171	(1,977,668)
Cash and cash equivalents at end of financial year		13,177,071	16,804,924

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 1: REVENUE AND OTHER INCOME

	2022 \$	2021 \$
Revenue:		
– Software subscription revenue	42,574,553	34,402,311
– Software related services revenue	9,349,197	10,574,289
– EX services revenue	905,789	-
Total revenue	52,829,539	44,976,600
Other income:		
– Interest income	175,337	174,607
– Research and development grant income	-	-
– Other grant income	173,778	1,540,767
– Other income	51,366	30,214
Total other income	400,481	1,745,588
Total revenue and other income	53,230,020	46,722,188

## NOTE 2: EMPLOYEE BENEFIT EXPENSE

	2022 \$	2021 \$
<b>Employee benefit expense</b>		
Wages and salaries - staff	13,612,228	16,568,617
Wages and salaries - Directors	1,902,039	2,072,694
Commission and bonus expense	741,619	1,305,537
Payroll tax and other on costs	1,050,045	1,109,925
Employee insurance costs	658,691	761,939
Pension and superannuation expense	1,251,474	1,363,161
Annual leave and long service leave expense	540,434	1,256,573
Other employee benefits expense	74,376	85,284
Total employee benefit expense	19,830,906	24,523,730

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022****NOTE 3: NON-CURRENT ASSETS – FINANCIAL ASSETS**

	<b>Consolidated Group</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Investment in BrainPac	900,000	-
Investment in My Net Zero	985,000	-
Investment in Hide and Seek	250,000	-
	<u>2,135,000</u>	<u>-</u>

The Directors have determined that the Group does not have significant influence over the companies designated financial assets as at 30 June 2022. 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 30 June 2022. It was noted that given the short tenure since acquisition and early stage of the businesses, no change to the current carrying value was deemed necessary.

**NOTE 4: 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 7.

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

<b>Name of subsidiary</b>	<b>Principal place of business</b>	<b>Ownership interest held by Group</b>	
		<b>30 June 2022</b>	<b>30 June 2021</b>
Bind Soluções Informáticas, Design Web e Gráfico, Lda	Portugal	19.99%	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 4: NON CURRENT ASSETS – INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of financial position	Note	30 June 2022
Current assets		1,265,150
Non current assets		141,614
Total assets		1,406,764
Current liabilities		186,518
Non current liabilities		-
Total liabilities		186,518
Net assets		1,220,246
Summarised statement of profit or loss and other comprehensive income	Note	30 June 2022
Revenue		895,393
Expenses		(745,352)
Profit before income tax expense		150,041
Income tax expense		(25,496)
Profit after income tax expense		124,545
Other comprehensive income		-
Total comprehensive income		124,545
Share of comprehensive income		24,897
Reconciliation of consolidated entity's carrying amount	Note	30 June 2022
Acquisition of interest in BindTuning		6,552,492
LiveTiles Limited's aggregate share of associate's profit / (loss)		24,897
Foreign exchange movements		(10,370)
Closing carrying amount		6,567,019

BindTuning has no contingent liabilities as at 30 June 2022.

The Directors have determined that Group has significant influence over BindTuning as at 30 June 2022 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 and 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 5: INTANGIBLE ASSETS

2021 financial year	Note	Balance at 1 July 2020	Additions	Disposals	Foreign exchange	Balance at 30 June 2021	
<i>At cost:</i>							
Capitalised development costs		9,958,244	5,336,652	-	-	15,294,896	
Software intellectual property		19,876,090	-	-	(941,217)	18,934,873	
Customer contracts and relationships		8,504,626	-	-	(346,963)	8,157,663	
Goodwill		59,743,858	-	-	(2,812,599)	56,931,259	
Total costs		98,082,818	5,336,652	-	(4,100,779)	99,318,691	
		<b>Balance at 1 July 2020</b>	<b>Amortisation charge</b>	<b>Disposals</b>	<b>Foreign exchange</b>	<b>Balance at 30 June 2021</b>	
<i>Accumulated amortisation:</i>							
Capitalised development costs		(9,958,244)	(5,336,652)	-	-	(15,294,896)	
Software intellectual property		(2,039,577)	(1,919,876)	-	116,263	(3,843,190)	
Customer contracts and relationships		(5,030,673)	(2,872,110)	-	231,171	(7,671,612)	
Total accumulated amortisation		(17,028,494)	(10,128,638)	-	347,434	(26,809,698)	
<i>Summary of net intangible assets</i>							
		<b>Balance at 1 July 2020</b>	<b>Additions</b>	<b>Amortisation charge</b>	<b>Disposals</b>	<b>Foreign exchange</b>	<b>Balance at 30 June 2021</b>
Net intangible assets		81,054,324	5,336,652	(10,128,638)	-	(3,753,345)	72,508,993
Deferred tax liability		(4,042,421)	-	1,053,145	-	165,779	(2,823,497)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 5: INTANGIBLE ASSETS (CONTINUED)

2022 financial year	Balance at 1 July 2021	Additions	Disposals	Foreign exchange	Balance at 30 June 2022	
At cost:						
Capitalised development costs	15,294,896	3,902,094	-	-	19,196,990	
Software intellectual property	18,934,873	-	-	114,003	19,048,876	
Customer contracts and relationships	8,157,663	-	-	(111,931)	8,045,732	
Goodwill	56,931,259	923,755	-	299,092	58,154,106	
Total costs	99,318,691	4,825,848	-	301,164	104,445,703	
	Balance at 1 July 2021	Amortisation charge	Disposals	Foreign exchange	Balance at 30 June 2022	
Accumulated amortisation:						
Capitalised development costs	(15,294,896)	(613,744)	-	-	(15,908,640)	
Software intellectual property	(3,843,190)	(1,909,618)	-	3,413	(5,749,395)	
Customer contracts and relationships	(7,671,612)	(501,542)	-	127,422	(8,045,732)	
Total accumulated amortisation	(26,809,698)	(3,024,904)	-	130,835	(29,703,766)	
Summary of net intangible assets						
	Balance at 1 July 2021	Additions	Amortisation charge	Disposals	Foreign exchange	Balance at 30 June 2022
Net intangible assets	72,508,993	1,800,945	-	-	431,999	74,741,937
Deferred tax liability	(2,823,497)	241,757	-	-	251	(2,581,489)

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.

The Group tests annually whether goodwill has suffered any impairment. For the 2022 and 2021 financial years, 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.

During the period, in line with the changes in Operating Segments, per Note 15, it was noted that the lowest level of aggregation for CGUs, following successful integration of the legacy businesses and products were:

Employee Experience ("EX") Platform	Represents the revenue and operating expenses attributable to sale of software and software related services.
Employee Experience ("EX") Programs	Represents the revenue and operating expenses attributable to employee experience related services.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 5: INTANGIBLE ASSETS (CONTINUED)

The assumptions used for the current reporting period may differ from the assumptions in the next reporting period as internal and external circumstances and expectations change. The Group has used the following assumptions in the calculation of value-in-use, based on conservative expectations for the future:

<b>2021 financial Goodwill Impairment Testing Assumptions</b>	<b>Annual Revenue Growth Rate</b>	<b>Compound Annual Growth Rate</b>	<b>Terminal Growth Rate</b>	<b>Pre-tax discount Rate</b>
Hyperfish Inc.	10% - 17%	13.87%	2.00%	17.10%
Wizdom A/S	10% - 17%	13.12%	2.00%	17.10%
CYCL AG	10% - 17%	15.73%	2.00%	17.10%
<b>2022 Goodwill Impairment Testing Assumptions</b>	<b>Annual Revenue Growth Rate</b>	<b>Compound Annual Growth Rate</b>	<b>Terminal Growth Rate</b>	<b>Post-tax Discount Rate</b>
Employee Experience Platform	5% - 16%	11.57%	2.00%	14.60%
Employee Experience Programs	5% - 41%	20.47%	2.00%	14.60%

Assumptions for gross margin, other operating costs and annual capital expenditure are based on past performance and management's expectations for the future.

Should these assumptions not occur the resulting goodwill carrying amount may decrease. Management has performed sensitivity analysis and assessed reasonable changes for key assumptions and has not identified any instances that could cause the carrying amount of the group of CGUs, over which goodwill is monitored, to exceed its recoverable amount. Analysis performed as follows:

<b>2022 Goodwill Impairment Testing Sensitivities</b>	<b>Annual Revenue Growth Rate</b>	<b>Operating Expenses Assumptions</b>	<b>Post-tax Discount Rate</b>
Employee Experience Platform <sup>1</sup>	Lower by 5%	No EBITDA improvement after 24 months <sup>2</sup>	5% increase <sup>3</sup>
Employee Experience Programs	No growth	20% increase	5% increase <sup>3</sup>

<sup>1</sup>Includes Hyperfish Inc., Wizdom A/S and CYCL AG.

<sup>2</sup>Software-as-a-Service operating expenses expected to decrease as a percentage of revenue given high gross profit margins. Therefore, as a sensitivity assumed no improvement outside of 24 month management forecast period.

<sup>3</sup>Being 19.6% post tax.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount is based would not cause the CGUs carry amount to exceed its recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 6: OTHER LIABILITIES

	2022 \$	2021 \$
<b>CURRENT</b>		
Unearned revenue	12,950,664	13,319,659
Unearned grant income	1,046,043	954,709
	<u>13,996,707</u>	<u>14,274,368</u>
<b>NON-CURRENT</b>		
Unearned revenue	276,633	188,157
	<u>276,633</u>	<u>188,157</u>

Unearned income is carried at amortised cost and represents amounts billed to customers in advance of the revenue being recognised in accordance with the revenue recognition policy. Unearned income is presented as a current liability unless the performance obligations associated with the revenue will be satisfied in greater than 12 months.

## NOTE 7: PROVISIONS FOR BUSINESS COMBINATIONS

	2022 \$	2021 \$
<b>CURRENT</b>		
Provision for contingent consideration - CYCL	6,861,200	10,822,951
Provision for contingent consideration – Human Link	250,000	-
	<u>7,111,200</u>	<u>10,822,951</u>
<b>NON-CURRENT</b>		
Provision for contingent consideration – BindTuning	5,814,780	-
	<u>5,814,780</u>	<u>-</u>

Of the amounts included in current provisions, \$2,345,681 is expected to be settled in cash, the remaining balance of \$4,765,519 is expected to be settled in stock. The second earn out test date was 31 December 2021, however this amount remains unpaid pending the outcome of ongoing commercial discussions between the parties. The number of shares to be issued will be calculated using the Volume Weighted Average Price calculated over the 20 trading days prior to (but excluding) the second earn out test date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 8: BORROWINGS

	2022 \$	2021 \$
<b>CURRENT</b>		
Government program repayable	63,732	-
Loans	438,661	-
	<u>502,393</u>	<u>-</u>
<b>NON-CURRENT</b>		
Government program repayable	121,629	301,851
Loans	2,813,848	-
Convertible notes	2,040,823	-
	<u>4,976,300</u>	<u>301,851</u>

*Loan / convertible notes*

In September 2021, the Group entered into a new facility agreement to provide funds to finance growth and 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 11(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 \$578,454, 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.

The balance owed is repayable in monthly instalments, the term of the loan ending April 2025. Total interest payable over the term is equal to \$2,245.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 8: BORROWINGS CONTINUED

Undrawn borrowings	2022 \$	2021 \$
Loans	2,400,000	-
Convertible notes	1,600,000	-
	<hr/>	<hr/>
	4,000,000	-
	<hr/>	<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.

On 2 August 2022, LiveTiles announced that it had submitted a formal request to the ASX to be removed from the official list. The shareholder vote will be held on 5 September 2022. Should this vote be successful, the terms of the facility will be amended as follows:

- (i) The company can no longer draw down the undrawn \$4 million second tranche loan (limiting the facility to \$6 million).
- (ii) The current convertible notes will instead convert to a term loan and be repayable as such on the same date as their current maturity.
- (iii) In place of the convertible notes (and options) granted under the current facility agreement, OneVentures will be granted a \$1.5m Tranche 1 warrant ("Tranche 1") which will provide (amongst other terms) for OneVentures to subscribe for shares in the Company at an exercise price of 10 cents per share. Tranche 1 will have an exercise period of 5 years with a minimum aggregate return to be guaranteed to OneVentures of no less than \$1m, payable on the earlier of an exit event or the end of the warrant exercise period. If the Company were to raise capital during the warrant exercise period at a share price which is less than the 30 day volume weighted average price of the Company's shares measured as at the day prior to the announcement of the proposed delisting, then the exercise price of the warrants will be adjusted to be the lesser of the then current exercise price or a 20% premium to the price per share as part of the capital raising.
- (iv) In addition to the Tranche 1 warrant, if the Company has not raised capital of at least \$10 million within 24 months from the date of delisting, then on that date, OneVentures will be granted a further warrant of \$900,000. The Tranche 2 warrant will be on the same price terms as the Tranche 1 warrant, except that the exercise price will be \$0.08 per share and the minimum guarantee will not apply.
- (v) OneVentures will be granted a standard Board observer right during the time that moneys remain unpaid under the facility agreement.
- (vi) A new financial covenant will be inserted into the facility agreement as follows:

Applicable period	Minimum cash balance required
Date of delist to 30 June 2023	\$6 million
1 July 2023 to 30 June 2024	\$3 million
1 July 2024 to 30 June 2025	\$3 million

These financial covenants will however cease to apply once the Company raises at least \$10 million in private funding with a lead investor contributing at least \$5 million.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 9: 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 30 June 2022, the fund has a funding ratio of 105%. 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 30 June 2022 this conversion rate is 6.00%.

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' (the fund), which is a collective pension fund, which 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 of 31 of the total 58,784 members as at 30 June 2022.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**NOTE 9: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)**

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 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 30 June 2020	(25,434,944)	18,622,893	(6,812,051)
Current service cost	(767,878)	-	(767,878)
Interest income / (expense)	(59,013)	25,292	(33,721)
Defined benefit pension expense recognised in profit or loss	(826,891)	25,292	(801,599)
Contributions by fund participants:			
Employer	-	517,065	517,065
Plan participants	(528,324)	528,324	-
Total contributions	(528,324)	1,045,389	517,065
Remeasurements:			
Return on plan assets, excluding amounts included in interest income	-	70,595	70,595
Gain from change in experience	240,998	-	240,998
Gain from change in demographic assumptions	1,170,389	-	1,170,389
Gain from change in financial assumptions	145,079	-	145,079
Defined benefit pension actuarial losses/(gains) recognised in other comprehensive income	1,556,466	70,595	1,627,061
Benefits paid	2,014,415	(2,014,415)	-
Foreign exchange rate changes	1,483,542	(1,099,654)	383,888
Balance at 30 June 2021	(21,735,736)	16,650,100	(5,085,636)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 9: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)

	Present value of obligations	Fair value of plan assets	Balance
	\$	\$	\$
Balance as at 30 June 2021	(21,735,736)	16,650,100	(5,085,636)
Current service cost	(825,032)	-	(825,032)
Interest income / (expense)	(60,568)	45,190	(15,378)
Defined benefit pension expense recognised in profit or loss	(885,599)	45,190	(840,410)
Contributions by fund participants:			
Employer	-	422,063	422,063
Plan participants	(422,063)	422,063	-
Total contributions	(422,063)	844,126	422,063
Remeasurements:			
Return on plan assets, excluding amounts included in interest income	-	75,057	75,057
Gain from change in experience	707,298	-	707,298
Gain from change in demographic assumptions	-	-	-
Gain from change in financial assumptions	3,748,401	-	3,748,401
Defined benefit pension actuarial losses/(gains) recognised in other comprehensive income	4,455,699	75,057	4,530,757
Benefits paid	5,662,682	(5,662,682)	-
Foreign exchange rate changes	(1,073,788)	822,548	(251,241)
Balance at 30 June 2022	(13,998,806)	12,774,339	(1,224,467)

The projected unit credit method, requires management to 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 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 9: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)

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

	30 June 2022	30 June 2021
<b>Plan assets</b>		
Plan assets	9,335,697	12,133,929
<i>Adjustments for AASB 119</i>		
Estimation of the value of Pensions in Payment	3,438,642	4,516,170
<b>Fair value of plan assets</b>	<b>12,774,339</b>	<b>16,650,099</b>
<b>Plan obligations</b>		
Plan obligations	9,335,697	12,133,929
<i>Adjustments for AASB 119</i>		
Estimation of the obligation of Pensions in Payment	3,438,642	4,516,170
Projected unit credit method actuarial adjustment	1,224,466	5,085,636
<b>Projected plan obligations</b>	<b>13,998,805</b>	<b>21,735,735</b>
<b>Net Pension Liabilities</b>	<b>1,224,466</b>	<b>5,085,636</b>

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:

	30 June 2022	30 June 2021
<b>Actuarial assumptions</b>		
Discount Rate	2.15%	0.30%
Growth in future salaries	1.00%	1.00%
Pension increase rate	0.00%	0.00%
Longevity at retirement	20 – 22 years	20 – 22 years

The following table depicts the sensitivity of estimated fiscal year 2022 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%)	13,236,196	14,853,370
Growth in future salaries	(+/- 0.50%)	14,135,615	13,869,043



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 10: INTERESTS IN SUBSIDIARIES

a. **Information about principal subsidiaries**

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

Name of subsidiary	Principal place of business	Ownership interest	
		2022	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	USA	100%	100%
Modun Resources Pte Ltd	Singapore	100%	100%
LiveTiles Ireland Limited	Ireland	100%	100%
Hyperfish, Inc	USA	100%	100%
LiveTiles Europe A/S (formerly Wizdom A/S)	Denmark	100%	100%
LiveTiles Switzerland (formerly CYCL AG)	Switzerland	100%	100%
LiveTiles Portugal, Unipessoal LDA	Portugal	100%	-
Human Link Consulting Pty Ltd	Australia	100%	-
Human Link Programs Pty Ltd	Australia	100%	-
Cordis Digital Pty Ltd	Australia	100%	-

b. **Significant restrictions**

There are no restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

c. **Acquisition of controlled entities**

On 7 April 2022, LiveTiles Limited acquired 100% of the shares of Human Link Consulting Pty Ltd, Human Link Programs Pty Ltd and Cordis Digital Pty Ltd (refer to Note 13).

d. **Disposal of controlled entities**

There were no disposals of controlled entities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 11: EQUITY – ISSUED CAPITAL

	Consolidated Group			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	890,691,305	879,859,403	206,466,565	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
Share capital issued	(f) 7-Apr-2022	4,450,481	\$0.105	467,300
Share capital issued	(g) 18-April-2022	150,000	\$0.064	9,600
Balance	30-Jun-2022	890,691,305		206,466,565
Restricted shares on issue	(h)	32,530,001		-
Total issued capital	30-Jun-2022	923,221,306		206,466,565

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 11: 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 8.
- (f) On 11 April 2022, LiveTiles Limited issued 4,450,480 shares as consideration for 100% of the shares in Human Link Consulting Pty Ltd, Human Link Programs Pty Ltd and Cordis Digital Pty Ltd. The fair value of the shares issued is based on a floor price of \$0.105 per share of LiveTiles Limited at the date of the acquisition.
- (g) On 17 May 2022, LiveTiles Limited issued 150,000 options issued under the Long Term Incentive Plan at \$0.064 per share which were exercised at \$nil consideration in lieu of cash bonuses.
- (h) As at 30 June 2022, 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 14(a).
- Shares issued under the Management Incentive Plan are not included in the earnings per share calculation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 12: RESERVES

	2022	2021
	\$	\$
Share based payments reserve	4,295,847	3,374,167
Foreign currency translation reserve	(4,991,052)	(4,353,583)
Pension revaluation reserve	5,663,437	1,329,328
Total	4,968,232	349,912

a. **Share based payments reserve**

The share based payments reserve records items recognised as expenses on valuation of share based payments.

Movements in share based payments reserve	Note	2022	2021
		\$	\$
Opening balance		3,374,167	2,662,669
Share based payment expense			
– management incentive plan	15(a)	122,083	130,768
Share based payment expense			
– long-term incentive plan	15(b)	344,611	580,730
Share based payment expense			
– Human Link post combination services	15(c)	454,986	-
Closing balance		4,295,847	3,374,167

b. **Foreign currency translation reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary. 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.

Movements in foreign currency translation reserve	2022	2021
	\$	\$
Opening balance	(4,353,583)	(872,667)
Foreign currency translation of subsidiaries within the Group	(637,470)	(3,480,916)
Closing balance	(4,991,053)	(4,353,583)

c. **Pension revaluation reserve**

The pension revaluation reserve records movements arising from actuarial gain or loss on the revaluation of the Group's defined benefit pension plan assets, net of tax.

Movements in pension revaluation reserve	2022	2021
	\$	\$
Opening balance	1,329,328	445,608
Actuarial (gain)/loss, net of tax	4,334,109	883,720
Closing balance	5,663,437	1,329,328

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022****NOTE 13: ACQUISITION OF HUMAN LINK GROUP**

On 7 April 2022, LiveTiles acquired 100% of the shares on issue in Human Link Consulting Pty Ltd, Human Link Programs Pty Ltd and Cordis Digital Pty Ltd (together 'Human Link'), a leading Employee-Experience business based in Perth, Australia. Human Link delivers modular, repeatable and scalable programs across a range of areas including organisational culture, diversity and inclusion, wellbeing, leadership development and communications strategies.

The combination of joint capabilities between LiveTiles platform and Human Link's programs, create a unique offering for customers, for which there is expected to be significant opportunity for new business and existing account growth through cross-sell and up-sell efforts.

The acquisition of Human Link will enable LiveTiles to achieve its strategic vision more quickly, and allow LiveTiles to deliver new capabilities to market.

Under the Share Purchase Agreement, the total amount payable for the Acquisition comprises the following two components:

- Base consideration of 4,450,480 shares in LiveTiles Limited (based on a 10-day VWAP) and cash consideration of A\$500,000, paid in four instalments of which \$250k remains payable at 30 June 2022. \$125k was settled in July 2022 and the final instalment is due October 2022; and
- Earn-out payments contingent upon performance hurdles being met as at 31 December 2022 and as at 31 December 2023 and the continued employment of key staff.
- Performance rights

The Acquisition meets the requirements of AASB 3 Business Combinations therefore Human Link has been consolidated into the financial statements of the Group from the date of the acquisition, being 7 April 2022.

The fair value of the consideration has been determined using the market price of LiveTiles shares at the date of the Acquisition, probability of contingencies being met and an appropriate discount rate to reflect payment periods. Management has assessed that it is probable that the performance hurdles will be met and have therefore recorded a probability weighted value of the earn-out as a provision for business combination.

Goodwill has been measured as the excess of consideration over the identifiable net assets of Human Link.

*Expenses related to the acquisition of Human Link*

		<b>2022</b>
		<b>\$</b>
Share based payment expense for post combination services	(a)	454,986
Bonus expense for post combination services	(b)	463,728
Transaction costs	(c)	94,337

(a) Part of the total amount payable to Human Link is contingent on the continued employment of key staff and is therefore deemed to be a share based payment for post combination services. The fair value of the share based payment has been determined using the market price of LiveTiles shares at the date of the Acquisition, probability of contingencies being met and an appropriate discount rate to reflect payment periods.

(b) Part of the total amount payable to Human Link is contingent on the continued employment of key staff and is therefore deemed to be remuneration payments for post combination services, which have been expensed in the Statement of Profit or Loss and Other Comprehensive Income as employee benefits. The remuneration payments are payable in cash and are stated at fair value, weighted for the probability of contingencies being met and an appropriate discount rate to reflect payment periods.

(c) The Group incurred costs of \$94,337 in relation to the acquisition of Human Link which have been expensed in the Statement of Profit or Loss and Other Comprehensive Income as professional fees.

The Group has 12 months from the date of acquisition to finalise the accounting to reflect any new information.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**NOTE 13: ACQUISITION OF HUMAN LINK GROUP (CONTINUED)**

*The statement of financial position of the acquired entity, Human Link, upon completion of the Acquisition was as follows:*

	<b>Note</b>	<b>Fair value at acquisition date \$</b>
Cash and equivalents		71,600
Trade and other receivables		212,637
Other assets		396,307
Trade and other payables		(399,962)
Unearned revenue		(15,375)
Other liabilities		(66,375)
Net identifiable assets acquired		<u>198,832</u>
Representing:		
Shares issued in LiveTiles Limited		467,300
Cash consideration		250,000
Working capital adjustment		155,286
Deferred cash consideration		<u>250,000</u>
Fair value of consideration transferred		<u>1,122,586</u>
Goodwill recognised on acquisition of Human Link		<u>923,754</u>

From the date of the Acquisition, Human Link contributed revenue of \$905,789 and a profit after tax of \$271,591. If the Acquisition had occurred on 1 July 2021, the Human Link group would have contributed revenue and net profit after tax for the financial year ended 30 June 2022 would have been \$2,227,440 and \$197,354 respectively.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 14: SHARE BASED PAYMENTS EXPENSE

		2022 \$	2021 \$
Non-cash share based payment expense			
– Management Incentive Plan shares	(a)	122,083	130,768
– Long Term Incentive Plan shares	(b)	344,611	580,730
– Contingent payment on acquisition of Human Link	(c)	454,986	-
Total share based payments expense		921,680	711,498

## (a) Management Incentive Plan shares

On 25 August 2015, LiveTiles Limited issued 35,000,000 shares to certain Directors via a limited recourse loan under the Management Incentive Plan. 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 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 shares were issued in Tranches D, E and F.

On 2 June 2017, LiveTiles Limited issued 300,000 shares to a senior employee of the Company via a loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at \$0.245. These shares 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 shares 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022****NOTE 14: SHARE BASED PAYMENTS EXPENSE (CONTINUED)**

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.

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 14: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

The value of the loan shares issued under the Management Incentive Plan has been expensed as a share based payment for the period ended 30 June 2022 as follows:

	Number of shares	Date issued	Vesting date	Vesting price	Expense for 12 months ended 30 June 2022 \$
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	20/11/2018	\$0.25	-
Tranche K	200,000	20/11/2017	20/11/2019	\$0.25	-
Tranche L	200,000	20/11/2017	20/11/2020	\$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	12,793
Tranche P	560,000	16/3/2020	16/3/2021	\$0.15	-
Tranche Q	560,000	16/3/2020	16/12/2022	\$0.15	8,974
Tranche R	560,000	16/3/2020	16/12/2023	\$0.15	12,343
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	6,884
Tranche U	100,000	15/1/2021	15/10/2023	\$0.23	7,766
Tranche V	467,000	1/3/2021	1/3/2022	\$0.25	30,361
Tranche X	467,000	1/3/2021	1/3/2023	\$0.25	23,618
Tranche W	467,000	1/3/2021	1/3/2024	\$0.25	15,697
Total					<u>122,083</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 14: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

## (b) Long Term Incentive Plan Options

On 16 November 2018, LiveTiles Limited issued 4,056,200 options to certain employees under the Long-Term Incentive Plan.

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 term of the option, the share price at grant date and expected price volatility of the underlying share. The value of the loan shares issued under the Management Incentive Plan has been expensed as a share based payment for the period ended 30 June 2022 as follows:

Number of options	Date issued	Vesting date	Vesting price	Expense for 12 months ended 30 June 2022
				\$
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	8,626
888,100	16/11/2018	16/11/2020	\$0.59	-
888,100	16/11/2018	16/11/2021	\$0.59	6,560
185,000	16/1/2018	16/1/2020	\$0.52	-
185,000	16/1/2018	16/1/2021	\$0.52	-
185,000	16/1/2018	16/1/2022	\$0.52	-
611,325	25/11/2019	25/11/2021	\$0.43	4,943
611,325	25/11/2019	25/11/2022	\$0.43	8,130
1,468,500	25/11/2019	25/11/2021	\$0.30	14,156
1,468,500	25/11/2019	25/11/2022	\$0.30	23,286
181,000	25/11/2019	25/11/2021	\$0.30	3,835
181,000	25/11/2019	25/11/2022	\$0.30	6,308
450,000	16/3/2020	16/12/2021	\$0.15	-
450,000	16/3/2020	16/12/2022	\$0.15	-
2,735,000	1/3/2021	1/3/2023	\$0.25	125,297
2,735,000	1/3/2021	1/3/2024	\$0.25	83,455
1,304,350	1/3/2021	1/3/2023	\$0.36	36,022
1,304,350	1/3/2021	1/3/2024	\$0.36	23,993
Total				<u>344,611</u>

## (c) Contingent payment on acquisition of Human Link

On 7 April 2022, LiveTiles acquired Human Link. Because part of the total amount payable is contingent on the continued employment of key staff, such amount is deemed to be a share based payment for post combination services. The fair value has been determined using the market price of LiveTiles shares, probability of contingencies being met to reflect payment periods.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022****NOTE 15: OPERATING SEGMENTS**

The consolidated entity has identified two 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 are responsible for the allocation of resources to operating segments and assessing their performance.

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 two reporting segments, as follows:

2022 Operating Segments	
Employee Experience ("EX") Platform	Represents the revenue and operating expenses attributable to sale of software and software related services.
Employee Experience ("EX") Programs	Represents the revenue and operating expenses attributable to employee experience related services.

This represents a change in the operating segments from prior period, the change between the periods was attributable to the following changes in the business during the 2022 financial year:

- Successful product integration of various legacy software solutions and the launch of a new product portfolio go-to-market.
- Sales/operations and product organisation restructure of previously geographically structured teams, supporting aggregation of legacy operating segments.
- Acquisition of Human Link, per Note 13, and establishment of EX Programs offering, representing a new operating segment.
- Commensurate change in basis of which discrete financial information is reported.

2021 Operating Segments	
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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 15: OPERATING SEGMENTS (CONTINUED)

The table below shows the segment information provided to the CODM for the reportable segments for the financial years ending 30 June 2021 and 30 June 2022:

<b>Consolidated - 30 June 2021</b>	<b>APAC</b>	<b>Americas</b>	<b>EMEA</b>	<b>Unallocated /Head Office</b>	<b>Total</b>
Subscription revenue	12,340,650	8,384,880	24,251,070	-	44,976,600
Other revenue	356	1,452,711	62,312	230,209	1,745,588
Revenue	12,341,006	9,837,591	24,313,382	230,209	46,722,188
EBITDA	(4,326,582)	(854,262)	6,212,733	(17,237,725)	(16,205,836)
Depreciation & amortisation	(1,048,810)	(1,474,814)	(3,814,401)	(4,948,348)	(11,286,373)
Finance costs	(2,981)	(319,017)	(53,978)	(1,693,499)	(2,069,475)
Loss before income tax expenses	(5,378,373)	(2,648,093)	2,344,354	(23,879,572)	(29,561,684)
Income tax expense	(154,950)	(677,020)	(800,441)	1,053,145	(579,266)
Loss after income tax expenses	(5,533,323)	(3,325,113)	(1,543,913)	(22,826,427)	(30,140,950)
<b>Consolidated – 30 June 2021</b>					
<i>Assets</i>					
Segment assets	6,318,957	11,042,896	11,527,364	74,349,800	103,239,017
<i>Liabilities</i>					
Segment liabilities	(7,004,324)	(11,549,549)	(18,019,626)	(12,781,958)	(49,355,457)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 15: OPERATING SEGMENTS (CONTINUED)

<b>Consolidated - 30 June 2022</b>	<b>EX Platforms</b>	<b>EX Programs</b>	<b>Unallocated /Head Office</b>	<b>Total</b>
Subscription revenue	51,923,750	905,789	-	52,829,539
Other revenue	224,749	471	175,261	400,481
Revenue	52,148,499	906,260	175,261	53,230,020
EBITDA	6,998,857	270,300	(2,174,587)	5,094,569
Depreciation & amortisation	(1,566,430)	(152)	(2,545,815)	(4,112,397)
Finance costs	(357,737)	(1,448)	(559,464)	(918,649)
Profit / (loss) before income tax expenses	5,074,690	268,699	(5,279,866)	63,523
Income tax expense	(904,661)	-	22,731	(881,931)
Profit / (loss) after income tax expenses	4,170,029	268,699	(5,257,135)	(818,406)
<b>Consolidated – 30 June 2022</b>				
<i>Assets</i>				
Segment assets	29,654,819	1,128,134	79,261,851	110,044,804
<i>Liabilities</i>				
Segment liabilities	(26,125,548)	(535,296)	(24,277,992)	(50,938,836)

The CODM uses underlying 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.

## NOTE 16: CONTINGENT LIABILITIES

There are no material contingent liabilities.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 17: GOING CONCERN**

For the year ended 30 June 2022, the Group made a loss of \$818,407 (2021: \$30,140,950) and had net cash flows outflows from operating activities of \$883,210 (2021: \$12,349,307). Further cost savings are expected to be realised in FY23 as a result of reduced headcount and other cost synergies realised during the period. At 30 June 2022, the Group had a cash balance of \$13,177,071 (2021: \$16,804,924). Furthermore, a major component of the Group's current liabilities relate to unearned revenue, deferred share liabilities recognised within provisions for business combinations of \$17,716,183 (2021: \$24,913,111) which is not expected to be paid in cash.

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

**NOTE 18: EVENTS AFTER THE REPORTING PERIOD**

On 2 August 2022, LiveTiles announced that it had submitted a formal request to the ASX to be removed from the official list. The shareholder vote will be held on 5 September 2022. Refer to ASX announcements dated, 2 August 2022 and 5 August 2022, further refer to commentary 'Significant events since the end of the financial year' on pages 9-10.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

This page is left blank intentionally

For personal use only