4Q20 Quarterly Activities Report

ASX Release

30 July 2020

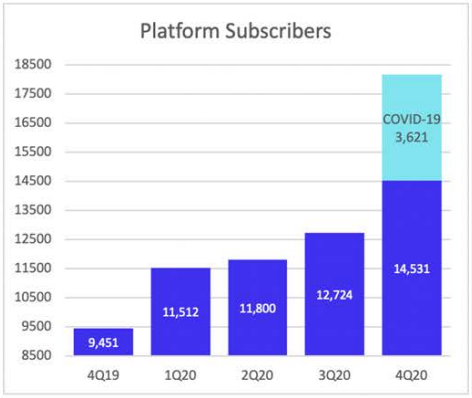
Robust Growth achieved in Q4 despite COVID-19

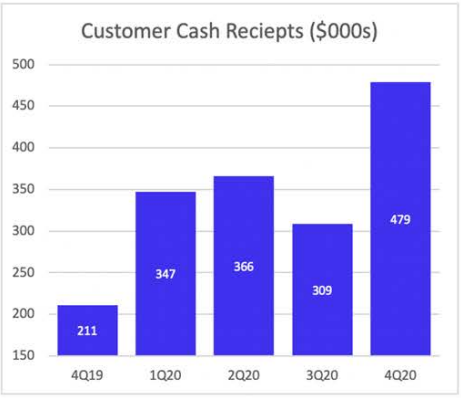
4Q20 Highlights

↑ 12.3%	↑ 54.5%	↑ 16%	↑ 55.7%
Contracted ARR on 3Q20	Cash Receipts from Customers on 3Q20	Contracted Customer Numbers on 3Q20	Professional Services Revenue on 3Q20

intelliHR Limited (ASX: IHR) is pleased to report in Q4 a 12.3% increase in Annual Recurring Revenue, and a 54.5% increase in Cash Receipts due to stronger new customer acquisitions (up 16%), and increased professional services revenue (up 55.7%). Despite the broader economic impact of COVID-19, contracted headcount has increased by 14.2%, with total paying customers increasing to 109. The business has continued to see strong customer and revenue retention with no customers lost and annual revenue retention of 113%. IntelliHR now supports businesses across 18 countries.







Financial Performance - Higher Cash Receipts

Annual Recurring Revenue increased during Q4 by 12.3% from $1.74 million to $1.96 million. This strong growth was achieved despite the broader impact of COVID-19. The acquisition of 15 new paying customers increased total contracted customers to 109, 16% higher than Q3. The business also onboarded 49 customers to our freemium COVID-19 Essentials Platform. 15% of these are Tier 1 customers, 4 have already chosen to swiftly convert to the full paying platform, including Tier 1 account Penske Australia and New Zealand.

Q4 strong sales performance drove an increase in cash receipts from customers which were up 54.5% to $0.48 million from $0.31 million in Q3. This was further supported by a 55.7% increase in professional services revenue in Q4.

The business has continued to see encouraging levels of revenue retention, with a 12 month revenue retention rate of 113%, noting this has dropped from pre-COVID-19 highs of 128% due to some existing customers standing down team members.

"intelliHR gives us the power to easily see our people information and data in a way and with speed that we've never previously had, it provides insights and tools to connect, for all of our people."

Angela Cila
Penske Australia and New Zealand
General Manager Human Resources

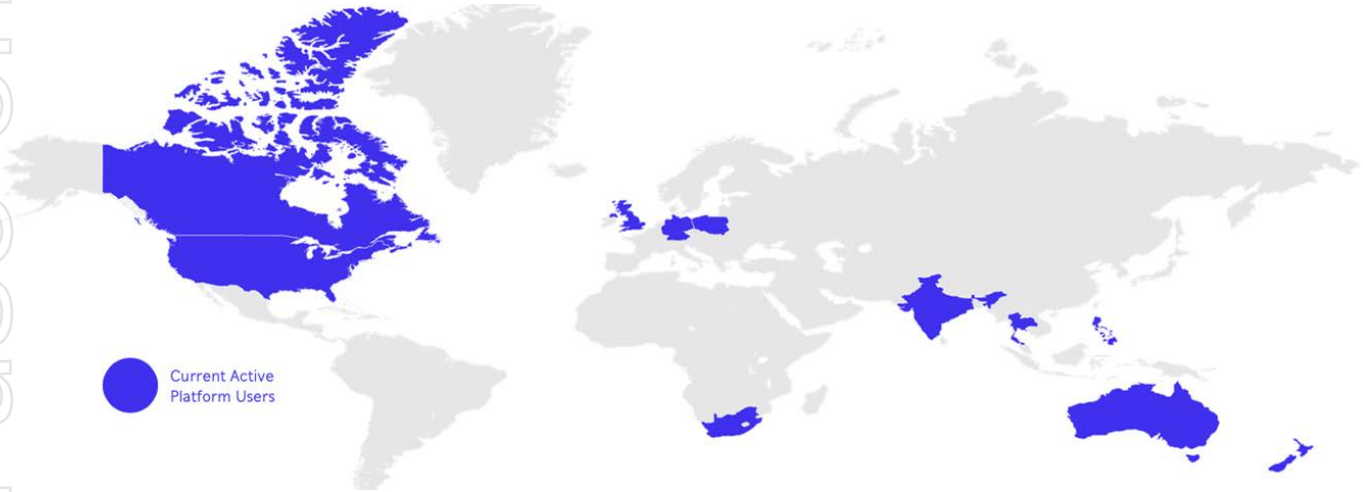
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Financial Performance (cont)

Net cash used in operations for the quarter totalled $0.64 million, a 51.5% improvement on the corresponding period in FY19, due to growth and cost and cash control measures undertaken in response to the COVID-19 event.

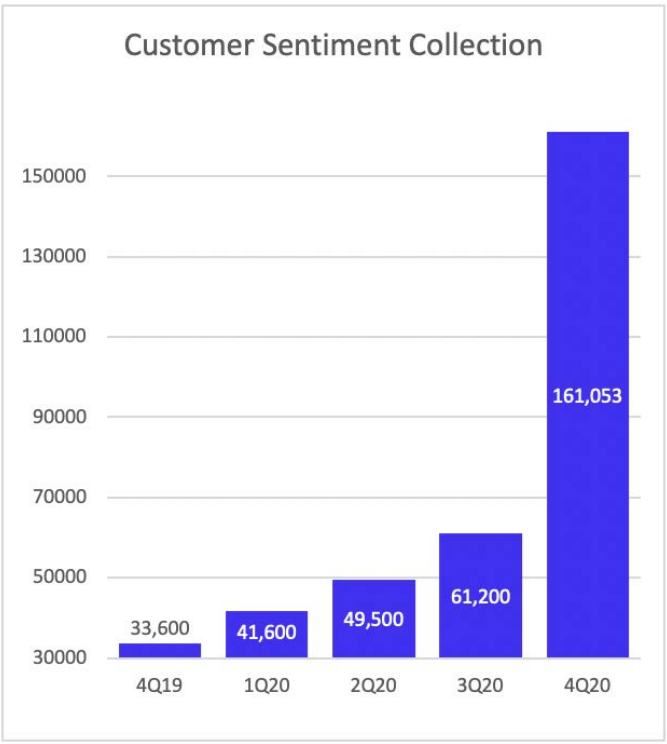
Full year, net cash used in operations totalled $3.16 million, 31.8% lower than FY19, reflecting growth and success with ongoing cost control measures implemented in FY20. At the end of Q4, cash reserves totalled $2.79 million.

Customers and Subscribers - World Class NPS - 154% increase in Customer Sentiment Collection



As the Q4 growth suggests, intelliHR has responded positively to COVID-19. The measures taken to preserve the existing customer base and pipelines have been key factors contributing to 100% customer retention, continued high levels of annual revenue retention at 113%, strong new business growth with 15 customers being converted, and 49 new freemium customers being onboarded to the platform. The intelliHR platform has seen a 154% increase in Customer Sentiment Collection in Q4, with our continuous feedback tools proving to be particularly valuable in the context of increased working from home. Our Net Promoter Score (NPS) is being maintained at a world class level of 74.

There are no outstanding receivables considered to be at risk and, whilst some reduction in subscriber numbers has been experienced due to existing customers standing down some team members, this has been offset by increased subscriber numbers through the continued onboarding and conversion of new customers. Total contracted paying subscribers have increased 14.2% during Q4 to 14,531. Encouragingly, the business maintains a strong sales pipeline.



COVID-19 – Helping businesses to respond and support their team members well being

During Q4, 49 new customers were onboarded to the COVID-19 Essentials platform with 4,848 freemium subscribers added. As the COVID-19 pandemic progressed, the team developed augmentations to the intelliHR system to support and respond to the evolving needs of existing contracted customers and freemium COVID-19 Essentials customers. Examples of functionality added to the system include:

- remote team member well-being check-ins
- helping to transition to working from home - Home office WHS checklists
- administration of Job Keeper nomination process and record keeping
- returning to work, and COVID-19 response surveys
- daily team member COVID-19 office safety check-ins.

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COVID-19 (cont)

As a result, intelliHR has continued to emerge as an essential part of any progressive company's HR toolkit. The business is particularly encouraged to see increasing levels of COVID-19 Essentials platform users choosing to upgrade to paying customers, generating an additional 1,212 contracted headcount. Most notable amongst these is Penske Australia and New Zealand. For many of these customers, further upgrades are currently being negotiated.

Authorised by the Board of intelliHR

"Being able to support each new stage of the Covid-19 event with dedicated forms and workflows, along with helping our customers support their remote workforce's safety and well-being has seen intelliHR continue to emerge as an essential part of any progressive company's HR toolkit."

Robert Bromage
intelliHR Managing Director

Additional Information

	1H18	2H18	1H19	2H19	1H20	2H20
Customer Numbers	19	30	44	58	84	109
Growth	4	11	14	14	26	25
Contracted Subscribers	2,492	3,284	5,170	9,451	11,800	14,531
Growth	475	792	1,886	4,281	2,349	2,731
Subscribers Invoiced	1,878	2,288	3,286	5,242	8,743	9,726
Growth	1,096	410	998	1,956	3,501	983
Subscribers to be Invoiced *	614	996	1,884	4,209	3,057	4,805
Change	-	382	888	2,325	-1,152	1,748

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

COVID-19 Essentials HR Platform Uptake

The take-up of the new free COVID-19 Essentials HR platform was as follows:

	Signed Up Customers	On Platform Subscribers	Conversion to paying Customer by June 2020
COVID-19 Essentials HR Platform	49	4848	4

Payments to Related Parties

A total of $138,890 was paid to directors and their associates for salaries, director fees and superannuation during the quarter ended 30 June 2020 ($123,693 for the quarter ended 31 March 2020).

During the quarter, the Group paid $11,831 for recruiting services ($23,087 for the quarter ended 31 March 2020) and received $2,434 in revenue ($1,218 for the quarter ended 31 March 2020) on normal commercial terms and conditions, from a Company of which Robert Bromage is a shareholder and director.

Further Information

Paul Trappett
intelliHR Investor Relations
investor.relations@intellihr.co

intelliHR is an Australian HR technology business developing and currently marketing a next-generation cloud-based people management and data analytics platform. Delivered to customers by a SaaS business model, it is disruptive and advanced technology leveraging AI specifically Natural Language Processing in the application. It is scalable to a global market and is industry agnostic. For more information visit: www.intellihr.co

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Appendix 4C

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

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Name of entity

intelliHR Limited

ABN	**Quarter ended ("current quarter")**
38 600 548 516	30 June 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	479	1,501
1.2	Payments for		
	(a) research and development	(477)	(1,830)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(75)	(348)
	(d) leased assets		
	(e) staff costs	(486)	(2,215)
	(f) administration and corporate costs	(186)	(1,016)
1.3	Dividends received (see note 3)		
1.4	Interest received	10	23
1.5	Interest and other costs of finance paid	-	(81)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	-	656
1.8	Other (Government Stimulus))	98	149
1.9	**Net cash from / (used in) operating activities**	**(637)**	**(3,161)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-	(6)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-	1
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (Release of Security Deposit)	-	50
2.6	**Net cash from / (used in) investing activities**	**-**	**45**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,339
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(109)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	(280)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**-**	**3,950**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,428	1,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(637)	(3,161)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	45

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,950
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**2,791**	**2,791**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	2,741	3,378
5.2	Call deposits	50	50
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,791**	**3,428**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	$148
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	0	0

7.5	**Unused financing facilities available at quarter end**	0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(637)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,791
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	2,791
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	4.4

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

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

Answer:

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

Answer:

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

Answer:

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2020

Authorised by: By the Disclosure Committee
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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