1Q21 Quarterly Activities Report

ASX Release

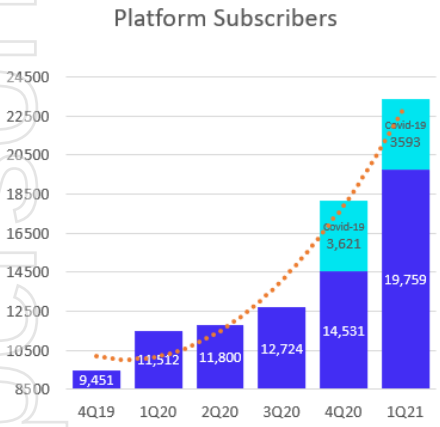
28 October 2020

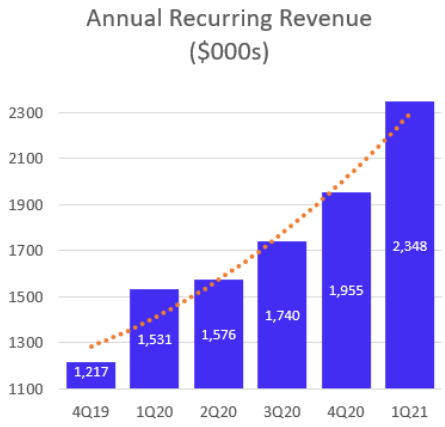
Record increase in new business in Q1 delivers accelerating growth

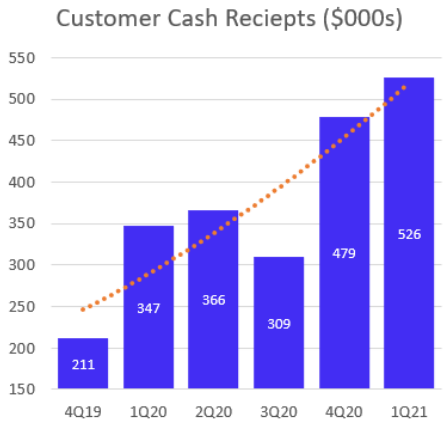
1Q21 Highlights

↑ 20%	↑ 10%	↑ 36%	↑ 96%
Contracted ARR on 4Q20	Cash Receipts from Customers on 4Q20	Contracted Customer Headcount on 4Q20	Professional Services Revenue on 4Q20

intelliHR Limited (ASX: IHR) is pleased to report in Q1 a 20% increase in Annual Recurring Revenue, and a 10% increase in Cash Receipts due to stronger new customer acquisitions (up 17%), and increased professional services revenue up 96% on the previous quarter. Record contracted customer headcount was achieved with a 36% increase, with total paying customers increasing to 127. The business has continued to see strong customer and revenue retention with 99% customer retention across Q1, Customer Receipts remain strong with no bad debts. intelliHR now supports businesses across 16 countries.







Financial Performance - Higher Cash Receipts

Annual Recurring Revenue increased during Q1 by 20% from $1.95 million to $2.34 million. This strong growth was achieved thanks to the acquisition of a record 19 new paying customers increasing total contracted customers to 127, 17% higher than Q4.

Q1 saw the addition of leading disability services provider, Scope Australia signing a 3 year contract, introducing significant new headcount to the intelliHR platform, this revenue will commence during Q2. Scope's addition deepens intelliHR's penetration into the healthcare and services sectors in Australia with this now accounting for 23% of ARR. Scope Australia joins another recent enterprise conversion, Penske Australia and New Zealand, along with other longer-term enterprise accounts - My Health, Fujitsu, Contact Energy and DBM Vircon amongst others. It is encouraging to see these conversions leading to a strengthening enterprise customer sales pipeline.

Q4's strong sales performance drove an increase in cash receipts from customers which were up 10% to $0.53 million from $0.48 million in Q4. This was further supported by a 96% increase in professional services revenue in Q1.

"Having intelliHR has been like having an extra person in the HR team.
I'm practically living in the dashboard and global analytics screens."

Emily Bates, Global People Manager, DBM Vircon

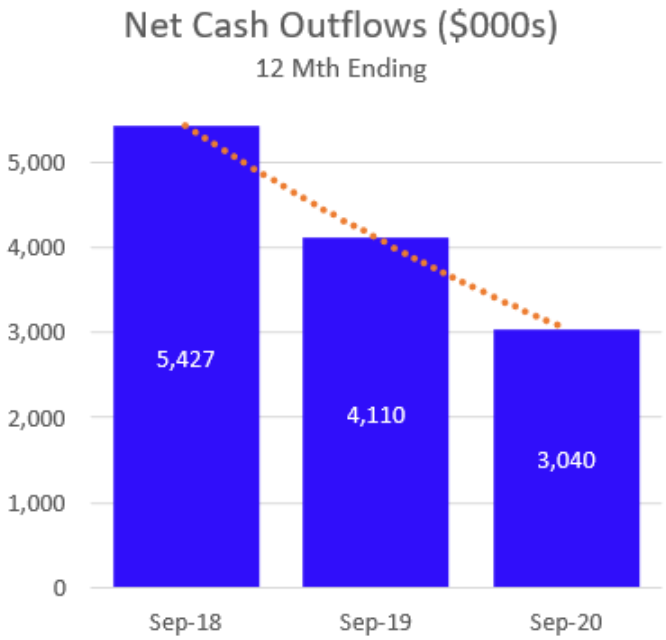
For personal use only

Financial Performance (cont)

The business has continued to see encouraging levels of revenue retention with 99% customer retention during Q1. Whilst intelliHR revenues have been insulated from the impact of Covid, we note that those few customers who did experience a sudden reduction in headcount, have not yet recovered back to pre-covid employment levels. Despite this intelliHR's 12 mth retained revenue level still sits at the healthy level of 104%.

Net cash used in operations for the quarter totalled $0.9 million, a 13% improvement on the corresponding period in FY20, due to growth with cost control, cash management measures and improving revenues.

During Q1 intelliHR completed a successful rights issue and a private placement to the Bevan Slattery Family Trust, generating net cash inflows of $5.75m. Supported by continuing growth in receipts from customers, a reduced cash burn has seen intelliHR establish a strong forward cash position of $7.595m at the end of Q1. IntelliHR also received in early October (Q2) an R&D tax incentive refund of $626,444 for the 2020 financial year, increasing cash reserves to $8.1m following its receipt on 6th of October.



Customers and Global Growth

A strengthened cash position allows intelliHR to continue expanding sales and marketing efforts in the APAC region, along with further investment into the recently established North America Sales Team – the objectives are to:

- ✔ Accelerate global expansion beyond existing 25% of ARR accounted for by offshore activities
- ✔ Increase marketing investment in the Americas following the recent launch of the intelliHR Toronto Canada
- ✔ Additional capacity to be brought online as required to meet growth opportunities

As Q1's accelerating sales growth suggests, intelliHR is well positioned to support the global shift to 'Work from Home', which organisations can better manage using intelliHR's platform tools for continuous feedback, performance enablement and wellness capabilities. Our Net Promoter Score (NPS) continues to be maintained at a world class level of 74 with intelliHR supporting customers across 16 countries.

There are no outstanding receivables considered to be at risk confirming the quality of intelliHR's customer base. Total contracted paying subscribers have increased 36% during Q1 to 19,579, an increase of 5,228 additional subscribers.

As the impact of the Covid-19 event has lessened in Australia we have seen new customer demand for the Covid-19 essential platform fall. With this in mind we have stopped promoting our Covid Essential offering and started testing new freemium eNPS and Wellbeing options to support increased lead generation. During Q1, an additional 2 customers were added as freemium users and 3 freemium customers converted to our full strategic HR platform.

Authorised for release by the Board of IntelliHR Limited.

Additional Information

Freemium HR Platform Uptake

Freemium Customer Headcount as at 30th of September

	Customers	On Platform Subscribers	Conversion to paying Customer during Q1
Freemium Customers	36	3593	3

For personal use only

Additional Information

	2H18	1H19	2H19	1H20	2H20	1Q21*
Customer Numbers	30	44	58	84	109	127
Growth	11	14	14	26	25	18
Contracted Subscribers	3,284	5,170	9,451	11,800	14,531	19,759
Growth	792	1,886	4,281	2,349	2,731	5,228
Subscribers Invoiced	2,288	3,286	5,242	8,743	9,726	11,853
Growth	410	998	1,956	3,501	983	2,127
Subscribers to be Invoiced **	996	1,884	4,209	3,057	4,805	7906
Change	382	888	2,325	-1,152	1,748	3,101

* 3 months to 30th of September 2020 only
**Predominantly new business to be Implemented. Also includes some existing customers' team members currently stood down

Payments to Related Parties

A total of $125,083 was paid to directors and their associates for salaries, director fees and superannuation during the quarter ended 30 September 2020.

During the quarter, the company received $1,000 in revenue on normal commercial terms and conditions, from a Company of which Robert Bromage is a shareholder.

Further Information

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

intelliHR (ASX: IHR) is an Australian HR technology business which has developed a next-generation cloud-based people management and data analytics platform. Delivered to customers by a SaaS business model, it is disruptive and uses advanced technology leveraging AI. Our aim is to become an essential core platform for every business to manage their talent providing the necessary tools to align, manage and enable a 'people and culture strategy' within a company's broader business strategy.For more information visit: www.intellihr.co

For personal use only

Appendix 4C

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

For personal use only

Name of entity

intelliHR Limited

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

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	526	526
1.2	Payments for		
	(a) research and development	(411)	(411)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(100)	(100)
	(d) leased assets		
	(e) staff costs	(810)	(810)
	(f) administration and corporate costs	(205)	(205)
1.3	Dividends received (see note 3)		
1.4	Interest received	6	6
1.5	Interest and other costs of finance paid	(26)	(26)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	38	38
1.8	Other (Government Stimulus)	78	78
1.9	**Net cash from / (used in) operating activities**	**(904)**	**(904)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(1)	(1)
	(d) investments		
	(e) intellectual property		

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

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,799	5,799
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	(53)	(53)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(36)	(36)
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**	**5,710**	**5,710**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,791	2,791
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(904)	(904)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)

For personal use only

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,710	5,710
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	**Cash and cash equivalents at end of period**	**7,595**	**7,595**

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	1,495	2,741
5.2	Call deposits	6,100	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)**	**7,595**	**2,791**

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	$125
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

For personal use only

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)	(904)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	7,595
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	7,595
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	8.4

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:

For personal use only

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: 28 October 2020

Authorised by: By the Board of Directors
(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.

For personal use only